

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2018

WEDNESDAY, JUNE 21, 2017

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 3:05 p.m., in room SD-124, Dirksen Senate Office Building, Hon. James Lankford (chairman) presiding.
Present: Senators Lankford, Kennedy, Rubio, Murphy, and Van Hollen.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF DR. KEITH HALL, DIRECTOR

OPENING STATEMENT OF SENATOR JAMES LANKFORD

Senator LANKFORD. Good afternoon, everybody. The subcommittee will come to order.

I would like to welcome everyone to our second fiscal year 2018 budget hearing for the agencies under the jurisdiction of the Legislative Branch Appropriations Subcommittee. Today, we have with us the director of Congressional Budget Office—CBO, as we affectionately call it around here—Dr. Keith Hall; and the head of the Government Accountability Office, Comptroller General Gene Dodaro. I appreciate the willingness of both of you to appear before the subcommittee, and I look forward to your testimony.

We obviously received your written statements as well, and they are extensive.

Total Congressional Budget Office request for fiscal year 2018 is \$49.9 million, an increase of \$3.4 million above the fiscal year 2017 enacted level. This funding request supports the current full-time equivalent level of 237 and an additional four analysts devoted to the areas of healthcare policy, dynamic scoring requirements, and appropriations. It also includes funding required to move CBO's data center.

The total GAO request for fiscal year 2018 is \$590.7 million, an increase of \$46.2 million above fiscal year 2017 enacted level. This funding request supports an increase in FTEs from 3,000 to 3,100, which will continue to progress towards GAO's multi-year plan to rebuild its staff capacity to an optimal level of 3,250.

Each of your agencies provide vital support services to us as legislators. As the nonpartisan watchdog and the scorekeepers of legislation, your agencies provide reports, analysis, and information that can have very far-reaching policy implications. That analysis

requires highly trained staff, a need which is reflected in both of your budget proposals.

Personnel expenses account for more than 80 percent of your budgets, which creates a unique challenge in a year where available resources must be stretched among multiple priorities, and increases will be difficult to accommodate.

Given this challenge, I do look forward to our discussion today, during which I hope to gain a better understanding of your agencies' priorities and the ongoing work you do.

Now, I would like to turn to ranking member and friend, Senator Chris Murphy, for his opening remarks.

STATEMENT OF SENATOR CHRISTOPHER MURPHY

Senator MURPHY. Thank you very much, Mr. Chairman.

Thank you both for being here today.

Let me just note that both of our thoughts are obviously with our colleague and those others who were shot and terrorized on a baseball field not far from here. Ironically, we were set that day to hold a hearing on the Capitol Police's budget and the Capitol Security budget, and that hearing now will be even more important. I appreciate the chairman's commitment to moving forward with that.

I am glad to have your testimony here today. I share the chairman's interest. I will just note that GAO has been an indispensable partner to those of us who think it is our mission to be very careful with the dollars that our taxpayers send to Washington. Since 2006, GAO has helped provide \$63 billion in benefits for the Government. That is a rate of return that investors in my State would love, \$112 in savings for every dollar invested in GAO, so it is a pretty good use of our taxpayer dollars to put it into your operations to keep spending honest.

I am really glad to have Dr. Hall here today. I got to visit with him yesterday at GAO. And, Mr. Chairman, I think it is a really—excuse me, at CBO. It is really important to have CBO here today. I will just express my deep concern about the actions of the majority party in the House and the Senate with respect to the continued relevance and independence of the Congressional Budget Office. We do not just rely on CBO; our constituents rely on CBO. The only way that we are able to have a real meaningful debate in this country about the impact of legislation that affects people's lives is because of the nonpartisan analysis that CBO provides us.

The House healthcare bill, which was rammed through with almost no public debate, with no time for any legislator to read that piece of legislation, was done so without a CBO score, and so hundreds of Members of Congress voted on a piece of legislation that reorders one-fifth of the American economy, that as we eventually found out, strips healthcare from up to 23 million Americans without a nonpartisan analysis.

And for those of us who believe in CBO, I think there is a deliberate campaign to try to reduce its relevance because why have CBO if you are not going to ask it to give its opinion on a piece of legislation that is that big and that sweeping ahead of the vote.

Similarly, we are headed towards a potential debate and vote on a piece of legislation next week that is equally sweeping that none of us have seen, that theoretically CBO is working on today but

may release their analysis with only a handful of hours or days prior to the vote. That is if the Senate majority decides to wait for their analysis before the vote.

In addition, leading up to CBO's analysis of the House bill, there were some very sharp attacks on CBO from Members of Congress, attacks that, you know, got a little bit too personal at times. We should be investing in CBO's relevance by demanding that on major pieces of the legislation we see a CBO score before we vote, and we should refrain from compromising CBO's nonpartisanship and independence by trying to frame them in a political context. So, I think it is a really important moment for both of you to be here and particularly Dr. Hall, and I look forward to their testimony.

Senator LANKFORD. Thank you. I look forward to the testimony as well.

A quick side note on that, as you know, the Senate rules do not allow us to even take up a reconciliation bill without a CBO score, so there will most certainly be a score. It is my understanding the scoring will be available sometime before Monday. If you want to provide an update today on the process or timing for that, we would be happy to receive that.

Now we are ready to receive your testimony, and we obviously have the written testimony already from both of you. Thank you for preparing that. Each of you have an opening statement time of approximately 5 minutes. If you fudge on that a few seconds, I think we will be okay one way or the other.

Mr. Hall, or I should say Dr. Hall, since you earned it, we are glad to receive your statement.

SUMMARY STATEMENT OF DR. KEITH HALL

Dr. HALL. Sure. Great. Chairman Lankford, Ranking Member Murphy, and Members of the subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request for fiscal year 2018.

CBO was established in 1974, and its mission is an important one: to provide nonpartisan budgetary and economic analysis that is timely and carefully thought out in order to support the work of this subcommittee, and the Congress as a whole, as you address the critical issues facing the Nation.

That mission is one that we all take very seriously. To fulfill its mission, CBO does a variety of things: We analyze trends and recent developments related to Federal spending and revenues; we prepare projections of budgetary and economic outcomes for the coming decade and reports describing them; we estimate the cost of legislative proposals; we examine the effects of the President's budgetary proposals and numerous alternative policy choices for the budget and the economy; we conduct policy studies of government activities that have significant budgetary and economic impact; and we provide testimony on a broad range of budget and economic issues.

In 2016, for example, CBO produced multiple budget projections and economic forecasts, several hundred formal cost estimates and mandate statements, thousands of informal estimates, aimed at helping committees and Members to craft legislation, and more

than 100 “scorekeeping” tabulations for appropriation acts. In addition, the agency released several dozen analytic reports and working papers.

In carrying out its mission of serving the Congress during 2017 and 2018, CBO will focus on meeting three goals: We will continue to provide the Congress with budget and economic information that is objective, insightful, and timely; we will continue to present and explain the methodology and results of CBO’s analyses clearly, and pursuing opportunities to enhance the transparency of the agency’s work; and we will continue to improve CBO’s internal operations.

CBO is asking for appropriations of \$49.9 million for fiscal year 2018. That amount represents an increase of \$3.4 million, or 7.4 percent, from the \$46.5 million provided to CBO for 2017. There are three reasons for requesting an increase.

First, we must move our data center. CBO will need to spend \$1.1 million in 2018 because of an unusual expense. Our primary data center currently resides in the House of Representatives’ data center on the sixth floor of the Ford House Office Building. Because House Information Resources has decided to repurpose that facility, CBO must remove its IT equipment by the end of the next March. The Congress’s offsite Alternative Computing Facility, which is currently CBO’s backup data center, will become the agency’s primary data center, and the agency will establish a new backup center at a different location.

Second, the other costs of maintaining existing operations will be higher next year, requiring an additional \$1.5 million. That amount includes \$1.1 million for increases in personnel expenses, which would result from a small increase in employees’ average salary and a rise in the cost of benefits. The remaining amount would be used to fund nonpersonnel expenses, mainly the upgrade of several cybersecurity systems.

And third, CBO proposes to expand its analytical capacity, requiring about \$800,000. That amount includes \$500,000 for salary and benefits for four new FTEs. The additional FTEs would be devoted to healthcare analysis, scorekeeping for appropriation bills, and analyzing the economic effects of Federal tax and spending policies—work that would include the dynamic analysis of certain legislation, which is required by a recent budget resolution.

Of course, interest in legislative proposals related to healthcare remains very great. As you know, the Congress is actively considering major legislation that would repeal, modify, or replace many provisions of the Affordable Care Act, and such activity has already significantly boosted CBO’s workload.

In addition to responding to that and other immediate legislative concerns, we are engaged in longer-term projects, analyzing various aspects of the healthcare system and enhancing our analytical capacity to assess the effects of legislation on that system and on the Federal budget.

We are also anticipating a larger workload associated with appropriations—as analysts have been asked more often to work simultaneously on combinations of continuing resolutions, individual appropriation bills, omnibus appropriation bills, and supplemental appropriation bills. And we expect to further develop our capacity to conduct dynamic analysis in the coming year.

In addition to those four new FTEs, CBO seeks additional resources—about \$300,000—for creating additional on-site capacity to use sensitive data securely to meet the growing congressional demand for certain analyses.

In closing, I would like to thank the Committee for its long-standing support of CBO. That support has allowed CBO to provide budgetary and economic analysis that is timely, thoughtful, and nonpartisan as the Congress addresses issues of critical importance. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DR. KEITH HALL

(See the full report “Testimony, CBO’s Appropriation Request for Fiscal Year 2018” in the appendix at the end of the hearing.)

Chairman Lankford, Ranking Member Murphy, and Members of the subcommittee, thank you for the opportunity to present the Congressional Budget Office’s budget request. CBO is asking for appropriations of \$49.9 million for fiscal year 2018. That amount represents an increase of \$3.4 million, or 7.4 percent, from the \$46.5 million provided to CBO for 2017. Of the total amount, nearly 90 percent would be used for personnel costs.

REASONS FOR THE REQUESTED INCREASE IN FUNDING

There are three reasons for requesting an increase. CBO must move its data center; the other costs of maintaining existing operations will be higher next year; and the agency proposes to expand its analytical capacity.

Moving the Data Center

CBO will need to spend \$1.1 million in 2018 because of an unusual expense. The agency’s primary data center currently resides in the House of Representatives’ data center on the sixth floor of the Ford House Office Building. Because House Information Resources has decided to repurpose that facility, CBO must remove its information technology (IT) equipment by March 2018. The Congress’s off-site Alternate Computing Facility, which is currently CBO’s backup data center, will become the agency’s primary data center, and the agency will establish a new backup center at a different location.

The move is projected to result in a onetime expenditure of \$1.1 million (and in recurring lease and maintenance costs in later years). About \$0.2 million of the one-time cost will be incurred in fiscal year 2017, delaying other important IT projects. In 2018, a cost of \$0.9 million will be incurred for moving the data center, as will a cost of \$0.2 million for the delayed projects. If CBO does not receive funding for the relocation, the agency will be forced to pay for it by cutting back on the size of its staff and providing less information and analysis to the Congress.

Maintaining Other Existing Operations

CBO requests an increase of \$1.5 million to fund existing operations in 2018. That amount includes \$1.1 million for increases in personnel expenses, which would result from a small increase in employees’ average salary and a rise in the cost of benefits. An additional \$0.4 million would be used to fund nonpersonnel expenses, mainly the upgrade of several cybersecurity systems that are vital to the agency’s mission but nearing the end of their life cycle and the renewal of long-term maintenance support for other major cybersecurity systems. As with the previous item, if funding is not provided, CBO will need to shrink its staff and provide less information and analysis to the Congress.

Expanding Analytical Capacity

CBO proposes to add four new analysts in 2018 and to create additional on-site capacity to use sensitive data securely. The total cost of those additions would be \$0.8 million.

Adding four full-time-equivalent positions (FTEs) would cost \$0.5 million for salary and benefits. The additional FTEs would be devoted to healthcare analysis, scorekeeping for appropriation bills, and analyzing the economic effects of Federal tax and spending policies (work that would include the dynamic analysis of certain legislation, which is required by a recent budget resolution). Congressional interest remains high in modifying or replacing the Affordable Care Act and changing Medi-

care or Medicaid. CBO is also anticipating a larger workload associated with appropriations and is aiming to respond to requests for information more quickly. And CBO expects to further develop its capacity to conduct dynamic analysis in the coming year.

About \$0.3 million would fund expansions of on-site capacity to securely use sensitive data, such as data from the Internal Revenue Service, the Social Security Administration, and other agencies. That capacity would help CBO meet growing demand from the Congress for analysis that draws on such data to understand changes in earnings, marriage, mortality, and other factors affecting benefits, tax revenues, and other parts of the Federal budget. The additional resources would make access to such data speedier and more consistent, increasing the quality and timeliness of CBO's work.

CBO'S BUDGET REQUEST AND ITS CONSEQUENCES FOR STAFFING AND OUTPUT

In fiscal year 2018, CBO will continue its mission of providing objective, insightful, timely, and clearly presented budgetary and economic information to the Congress. The \$49.9 million in funding that CBO requests would be used for personnel costs (that is, salaries and benefits), IT, and other costs, such as training.

Funding Request for Personnel Costs and Consequences for Staffing

CBO requests \$44.3 million for salary and benefits, which equals 89 percent of its funding request. Those funds would support 241 FTEs. The requested amount represents an increase of \$1.6 million, or 4 percent. Of the total requested amount:

- \$33.0 million would cover salaries for personnel—an increase of \$1.4 million, or 5 percent, from the amount that will be spent in fiscal year 2017. The increase would cover \$0.4 million in pay for four additional analysts, as well as performance-based salary increases for current staff and an across-the-board increase of 2.4 percent for employees earning less than \$100,000 (if such an increase is authorized for executive branch agencies).
- \$11.4 million would fund benefits for personnel—an increase of \$0.2 million, or 2 percent, from the amount projected to be spent in 2017. The increase would cover a boost in the cost of Federal benefits, as well as benefits for the four additional analysts.

Funding Request for Nonpersonnel Costs

CBO requests \$5.6 million for costs other than personnel, which equals 11 percent of its funding request. Those funds would cover current IT operations—such as software and hardware maintenance, software development, commercial data purchases, communications, and equipment purchases—and would pay for travel, training, interagency agreements, facilities support, printing and editorial support, expert consultants, financial management auditing support, and subscriptions to library services. The requested amount represents an increase of \$1.8 million, or 47 percent.

Of the increase, \$1.1 million would fund two non-recurring IT costs:

- Required relocation of CBO's data center (\$908,500) and
- IT cybersecurity projects that are expected to be delayed because of the 2017 costs of that relocation (\$200,000).

An additional \$0.7 million of the increase would allow CBO to fund:

- The upgrade of several cybersecurity systems that are vital to the agency's mission and the renewal of long-term maintenance support for other major cybersecurity systems (\$385,000, a small portion of which results from price increases for current IT contracts) and
- The costs of creating additional on-site capacity to use sensitive data securely (\$315,000).

Consequences for Output

The requested amount of funding would allow CBO to provide the following estimates and other analyses to the Congress:

- More than 600 formal cost estimates, most of which will include not only estimates of Federal costs but also assessments of the cost of mandates imposed on State, local, and Tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is very high as committees seek a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- More than 100 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process, as well as sum-

- mary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis;
- About 60 analytic reports and papers—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—about the outlook for the budget and the economy, major issues affecting that outlook under current law, the budgetary effects of policy proposals that could change the outlook, and a broad range of related budget and economic topics in such areas as defense policy, infrastructure, and energy policy;
- Numerous files of data documenting detailed 10-year baseline budget projections, 10-year economic projections, long-term budget projections (spanning 30 years), and other information underlying analytic reports—all of them posted on CBO’s website; and
- Descriptions of policy options that would reduce budget deficits and publications that increase the transparency of CBO’s work and communicate about that work graphically.

Despite high productivity by a dedicated staff, CBO expects that the anticipated volume of estimates and other analyses will fall considerably short of the number of congressional requests. The demands on the agency remain intense. For example, the workload associated with the analysis of appropriations has risen; the Congress remains acutely interested in analyses of the Affordable Care Act and numerous proposals for further changes in Federal healthcare programs; and the now-required dynamic analyses of how certain legislative proposals would affect the economy and how those economic effects would, in turn, affect the Federal budget require complex modeling. Other issues arise frequently and create a heavy demand for analysis: Over the past year, for example, CBO analyzed legislation related to the privatization of the air traffic control system, sentencing reform, trade facilitation and the enforcement of certain trade laws, child nutrition programs, child welfare programs, and Puerto Rico’s debt crisis. Analyzing the possibilities and proposals has strained the agency’s resources in many areas. CBO regularly consults with committees and Congressional leadership to ensure that its resources are focused on the work that is of highest priority to the Congress.

In closing, I would like to thank the Committee for its long-standing support of CBO. That support has allowed CBO to provide budgetary and economic analysis that is timely, thoughtful, and nonpartisan as the Congress addresses issues of critical importance.

This testimony summarizes information in CBO’s budget request for fiscal year 2018, which was written by Leigh Angres, Theresa Gullo, Deborah Kilroe, Cierra Liles, Terry Owens, Stephanie Ruiz, and Mark Smith, with guidance from Joseph E. Evans, Jr.

The testimony was reviewed by Mark Hadley, Jeffrey Kling, and Robert Sunshine. Benjamin Plotinsky edited the testimony, and Jorge Salazar prepared it for publication. An electronic version is available on CBO’s website at www.cbo.gov/publication/52785.



Keith Hall
Director
June 2017

Senator LANKFORD. Thank you. Mr. Dodaro.

GOVERNMENT ACCOUNTABILITY OFFICE
STATEMENT OF HON. GENE DODARO, COMPTROLLER GENERAL

2018 BUDGET REQUEST OPENING

Mr. DODARO. Thank you very much, Mr. Chairman.

Good afternoon to you, Ranking Member Senator Murphy, Senator Van Hollen. I appreciate the opportunity to discuss GAO's budget request for fiscal year 2018.

We appreciate the subcommittee's support of GAO. We believe that we have returned that confidence that you have established in us with a handsome return on your investment.

As Senator Murphy mentioned, last year, we returned \$112 in financial benefits for every dollar invested in GAO. The Consolidated Appropriations Act for 2017 contains dozens of references to GAO's work for agencies to implement our recommendations. The Act also requires agencies to report on the progress they have made in our past recommendations that Congress has directed them to implement and it actually reduced spending in a number of areas that reference our work.

OVERLAP AND DUPLICATION

The work that we have done on overlap, duplication, fragmentation, cost-savings, and revenue enhancements in the Federal Government has yielded \$136 billion in financial benefits. GAO's work has helped the Congress avoid sequestration since 2013 and the last 4 years by implementing a number of recommendations that make smart budget cuts with minimal effects on people or programs, as opposed to the across-the-board cuts called for by the sequester. The last Bipartisan Budget Act included over \$30 billion in savings as a result of GAO's work.

HIGH RISK

Our high-risk work series, identifies the most difficult problems facing the Federal Government from a management perspective. Over the last decade, there has been over \$240 billion saved as a result of our high-risk work. High-risk work also provides the types of recommendations that GAO makes to strengthen public safety and security, and improve vital programs and operations. This includes everything from the Veterans Administration healthcare, Medicare, Medicaid, cybersecurity issues, oversight and safety of medical products and food safety, as well as the assessing and controlling toxic chemicals. Our work also has nonfinancial benefits that are significant in terms of strengthening government operations for the benefit of the American people.

Our request for fiscal year 2018 enables us to continue to do this work. As referenced, Mr. Chairman, in your opening statement, we would like 100 additional full-time equivalent positions. I believe that will enable us to address a growing problem of billions of dollars in improper payments in the Federal Government. Last year, these payments exceeded \$140 billion. That is an understatement. Additionally GAO will address the yawning tax gap, a difference of about \$400 billion on an annual basis between taxes owed and taxes that are collected by the Federal Government.

SCIENCE AND TECHNOLOGY

GAO has also been asked to do more work in science and technology areas, particularly since the Congress no longer has the Office of Technology Assessment to provide those services. We have been doing that more and more. There are rapidly evolving issues in that area, diagnostic techniques for emerging diseases, security concerns from the internet of things beyond the information system security concerns that already exist, dealing with nuclear waste cleanup technologies that could help the Government do more to clean up hazardous materials at a cheaper cost.

GAO INFRASTRUCTURE TECHNOLOGY

And then also, we need to make some investments in our IT infrastructure. It is aging. In fact, the average equipment that we have, is about 7 years beyond the useful life. We need to replace it over time. We plan to merge our telephone and our computer operations. That will save money over time by using Voice over Internet Protocols.

We made a prudent budget request. GAO is a solid investment for the Congress with great returns. I know that you will give careful consideration to our request. I understand the limitations very well. As an auditor of the Federal Government's financial statements, I know the challenges you are confronting. We have made our request in good faith. It will be a good return on that investment, and I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. GENE L. DODARO

(See the full report GAO-17-604T, "Testimony Before the Subcommittee on the Legislative Branch, Committee on Appropriations, U.S. Senate" in the appendix at the end of the hearing.)

Chairman Lankford, Ranking Member Murphy, and Members of the subcommittee:

On behalf of the U.S. Government Accountability Office (GAO), thank you for the opportunity to discuss our fiscal year 2018 budget request. I also appreciate the confidence this subcommittee has shown in GAO by supporting our efforts to serve Congress and improve government performance, accountability, and transparency.

Since 2014, Congress has provided funding that has resulted in GAO's work achieving \$192.5 billion in financial benefits and 3,808 other improvements in government programs and operations. GAO also provided 357 testimonies to dozens of Congressional Committees over this time period. Even with this record of success, much work remains to be done to improve government performance and accountability and help Congress address its highest priorities. Our fiscal year 2018 budget submission was formulated keeping in mind the constrained budget environment in which the government operates.

GAO's fiscal year 2018 budget requests \$618.2 million in appropriated funds to enable GAO to bolster our staff capacity to better serve the Congress. With a return of \$112 for every dollar invested in GAO in fiscal year 2016, GAO is an exceptional investment. Last fiscal year alone, our work generated over \$63 billion in financial benefits and 1,234 program and operational improvements across government.

Our fiscal year 2018 budget request is focused on maintaining sufficient staff so that GAO will be better positioned to help Congress meet its oversight responsibilities. The funding requested will also enable us to make critical information technology investments that improve our productivity and work product.

FISCAL YEAR 2018 BUDGET REQUEST

In fiscal year 2016 GAO's work resulted in a return of \$112 for every dollar invested in GAO, generating over \$63 billion in financial benefits to the Federal Gov-

ernment. Implementation of GAO's recommendations led to 1,234 program and operational improvements across the Federal Government including many important contributions to enacted budget, appropriations and authorization legislation. GAO reports contained more than 2,000 recommendations across a vast array of areas to foster government efficiency, effectiveness, and responsiveness on high priority challenges facing Congress and the Nation.

Congress used GAO's work to improve agency operations and generate billions in savings. These will result in improved program efficiencies and services through implementation of GAO's recommendations, including such areas as DoD acquisitions and financial management, services to veterans, management of IT systems, and fraud detection.

GAO also continues to draw attention to issues facing Congress and the Nation by producing regular updates based on our bodies of work. In February 2017 we issued our biennial high risk report updating Congress on progress made on the 32 areas identified in 2015 and added 3 new areas: (1) Improving Federal Programs that Serve Tribes and their Members; (2) the 2020 Decennial Census; and (3) U.S. Government Environmental Liabilities. In April we issued our seventh annual report on fragmentation, overlap and duplication among Federal programs and opportunities to reduce government operations costs or enhance revenues. It identified 79 new actions that Congress and executive branch agencies can take to improve government efficiency and effectiveness. Progress in addressing the 645 actions identified in the six previous years resulted in roughly \$136 billion in financial benefits.

GAO is requesting a fiscal year 2018 appropriation of \$618.2 million to continue to address congressional priorities, and fulfill our mission. This will support a staffing level of 3,100 full-time equivalents (FTE). We expect to offset our funding needs with \$27.5 million in reimbursements from program and financial audits, as well as rental income, resulting in a net appropriation request of \$590.7 million.

In planning fiscal year 2018 resources, GAO recognized several key areas that merit increased attention as additional staffing is made available. Focus in these areas will provide long term benefits to the Nation. They include identifying strategies and actions agencies can take to reduce a growing amount, now over \$140 billion annually, of improper government payments; finding ways to close the yawning tax gap of over \$400 billion dollars annually between taxes owed to the government and total taxes paid; and helping the Congress determine policy implications of increasingly complex and rapidly evolving development of science and technology.

PRIORITY AREAS FOR RESOURCE ENHANCEMENT AT GAO

While GAO always responds to the oversight and legislative priorities of the Congress, in fiscal year 2018 we would also propose to focus additional resources on certain areas as staffing is made available, including:

Growing Amounts of Improper Payments.—Payments that should not have been made or that were made in an incorrect amount are a growing government-wide issue. Since fiscal year 2003, when certain agencies were required by statute to begin reporting improper payments, cumulative improper payment estimates have totaled over \$1.2 trillion. The improper payments annual estimate in fiscal year 2016, attributable to 112 programs across 22 agencies, was over \$144 billion, up from almost \$137 billion in fiscal year 2015 and almost \$125 billion in fiscal year 2014.

Three large programs, Medicare, Medicaid, and the Earned Income Tax Credit, account for over 78 percent of the fiscal year 2016 government-wide improper payment estimate. Federal spending for Medicare and Medicaid is expected to increase significantly, so it is especially critical to take appropriate measures to reduce improper payments in these programs.

In fiscal year 2016, 14 Federal programs had improper payment estimates greater than \$1 billion. Eleven programs had payment error rates that exceeded 10 percent. To address the issue of improper payments, agencies should first identify the root causes of improper payments and then implement internal controls aimed at both prevention and detection.

The government's ability to understand the scope of the issue is hindered by incomplete, unreliable, or under stated estimates; risk assessments that may not be accurate; and noncompliance with criteria listed in Federal law. For example, 18 Federal programs determined to be at risk for improper payments did not report estimates of improper payments in fiscal year 2016.

In addition, DoD lacks quality assurance procedures to ensure the completeness and accuracy of its estimates. Further, various Inspectors General reported deficiencies related to compliance with the criteria listed in the Improper Payments

Elimination and Recovery Act of 2010 for fiscal year 2015 at their respective Federal entities.

Our work identifies a number of strategies and specific actions agencies can take to reduce improper payments, which could yield significant savings and help better ensure that taxpayer funds are adequately safeguarded.

Yawning Tax Gap.—According to the 2016 Financial Report, the estimated size of the annual gross tax gap between taxes owed to the government and total taxes paid on time is \$458 billion. The tax gap arises when taxpayers, whether intentionally or inadvertently, fail to (1) accurately report tax liabilities on tax returns (underreporting); (2) pay taxes due from filed returns (underpayment); or (3) file a required tax return altogether or on time (nonfiling). Underreporting accounted for 84 percent of the tax gap across tax years 2008 to 2010.

This resulted in an annual net tax gap of \$406 billion. Given the size of the tax gap, increased attention to this area would yield significant financial benefits and help improve the government's fiscal position.

Addressing the tax gap requires strategies on multiple fronts. Key factors that contribute to the tax gap include limited third party reporting and tax code complexity. For example, the extent to which individual taxpayers accurately report their income is correlated with the extent to which the income is reported to them and the IRS by third parties.

Our work identifies a number of strategies and specific actions Congress and agencies can take to reduce the tax gap, including simplifying the tax code. Additional resources would enable us to expand our work in finding ways to further close the tax gap, thus improving the government's financial position.

Science and Technology.—Science and technology developments influence almost every aspect of the American experience; they present great opportunities to improve the quality of life, the performance of the economy and the government, and the relationship of the government to its population. While information technology is a major technological force of this era, linking individuals, organizations, and economies around the world, other kinds of scientific and technological advances are also creating significant changes.

The increased development and use of new technologies challenge the government's and the Congress's ability to evaluate their potential and assess their program and policy implications in areas such as security, safety, privacy, and equity.

In fiscal year 2016 we reported on Zika virus as an emerging infectious disease, the continued need for effective oversight of high-containment laboratories, the status of bio forensic capabilities in the law enforcement and homeland security communities, the emergence of data analytics and its overall impact on society and the economy, and how municipalities can use technology to improve the efficiency of their water distribution systems and tap nontraditional sources to address water scarcity, among others.

GAO has already issued two best practice guides, addressing capital acquisitions in the areas of lifecycle cost estimates and project scheduling. These best practice products are designed to assist Federal managers in addressing major projects, and they also serve as a means by which GAO can evaluate such projects. Adding to these initial efforts, GAO's science and technology group issued a third best practice guide, this one addressing technology readiness assessment.

We expect this most recent work will be a means by which program managers can identify technologies and manage their risks throughout the development of technology-dependent projects. Given the persistent and growing demand for this technical work, GAO strives to continue to build our staff capacity in this growing area.

Additional resources would enable us to expand our work including the completion of key strategic technology reports on the Internet of Things, sustainable chemistry, rapid point-of-care medical diagnostics for detecting infectious diseases (e.g., Ebola), artificial intelligence systems, electromagnetic pulse threat mitigation technologies, oversight of biosafety labs, nuclear waste immobilization technologies, and emerging infectious diseases.

Based on interest expressed by various Committees of jurisdiction, potential future science and technology work could focus on antibiotic-resistant bacteria, freshwater conservation technologies for the agricultural sector, block chain technologies (financial technology), unmanned aerial systems, high-frequency trading technologies, and regenerative medicine, among others.

INFORMATION TECHNOLOGY IMPROVEMENTS

In fiscal year 2017, GAO requested funding to continue investments to enhance our management information systems, IT infrastructure and security, as well as our telecommunications capabilities. Fiscal year 2018 funding will seek to continue these efforts as well as make additional improvements in these areas. For fiscal year 2018 GAO is requesting funding needed to continue our efforts to improve and modernize GAO's technology infrastructure and services.

Over the past few years GAO has undertaken the Engagement Management System (EMS) and New Blue initiatives to better leverage technology. These new systems will enhance our core business processes and enable GAO products to be created and distributed in the most efficient manner using currently supported technology.

GAO developed and deployed EMS to help manage the work throughout the agency. This new system has been rolled out across the agency and has allowed us to retire multiple legacy applications. New Blue will enable the end-to-end processing of GAO products from drafting through issuance to the Congress and posting on GAO's website. New Blue will allow GAO to keep pace with the evolving methods of demand and consumption of information from our clients and stakeholders by supporting multiple formats and product types. Both EMS and New Blue have been planned and are being executed to ensure the quality and reliability of GAO products continues to be met at the highest levels allowing greater efficiency and flexibility in best supporting Congressional needs.

With funding requested for 2018, GAO will be able to meet key demands for technology upgrades, including:

- GAO needs funding to upgrade its data center and the infrastructure that supports GAO operations. GAO's data center requires 24/7 operational availability to adequately support staff located in headquarters and GAO's 11 field locations throughout the United States. GAO needs to improve data management operations and security to ensure adequate support and meet ongoing needs. As such, in fiscal year 2018, we will assess options to upgrade the equipment supporting the center to provide a modern computing environment, which could reduce costs and enhance security, capacity, and availability. We expect to initiate replacement of the equipment and support beginning in fiscal year 2018.
- GAO is looking to make strategic investments into cloud-based solutions to maximize efficiency, improve the security of our data and our ability to best combat cyber threats to our infrastructure, and position us to leverage technology opportunities in the future.
- Funding is also being sought to retire our aging telephone and video teleconferencing infrastructures and replace them with a state of the art communications platform. Given that collaboration is so vital to our mission, we are looking to invest in new technologies that will improve how our staff works and communicates when doing our work across geographic locations.
- Another key priority in fiscal year 2018 is our effort to replace our aging document management solution with a modern content management solution. A new solution will improve our capabilities to store and re-use the information and content we produce in support of core Agency work processes and products. A modern content management solution will enable GAO to more effectively and efficiently serve Congress and the American Public by providing new workflow management capabilities.

Cumulatively these technology improvements will help the GAO workforce deliver its analysis to the Congress in the most robust and modern manner and consistent with currently supported technology standards. We are consistently looking to improve our technology platforms to take advantage of technology advances that best enable GAO to deliver value to our clients while seeking cost saving opportunities. We sincerely appreciate the Committee's support to date and look forward to your support in fiscal year 2018 and beyond.

GAO'S CURRENT ENVIRONMENT

GAO operated at the Continuing Resolution (CR) level through the beginning of May. This had a significant impact on human resource and operations. We deferred or reduced staffing and curtailed spending on technology investments that are critical to our efforts to modernize GAO's infrastructure and business processes.

The fiscal year 2017 funding provided in the Omnibus will afford us an opportunity to address many of the staffing and operations challenges presented during the Continuing Resolution period.

The fiscal year 2018 budget request would enable GAO to bolster its staff capacity to 3,100 FTEs through a targeted recruitment program to help address succession planning and fill critical skill gaps. This funding level will also help ensure that GAO is able to recruit and retain a talented and diverse workforce as well as make progress towards an optimal staffing level of 3,250 FTEs.

We expect to offset our funding needs with \$27.5 million in reimbursements from program and financial audits and rental income, resulting in a net appropriation request of \$590.7 million.

ASSISTING CONGRESS IN SHAPING LEGISLATION

GAO continues to be recognized for its non-partisan, objective, fact-based, and professional analyses across the full breadth and scope of the Federal Government's responsibilities and the extensive interests of Congress. In fiscal year 2016, and to date in fiscal year 2017, Congress used GAO's work as the basis for a wide range of significant legislative decisions.

The Consolidated Appropriations Act, 2017.—In many cases requires an agency to take action based on GAO findings and recommendations. For example, the act requires:

- Census to address shortcomings in its cost estimate, identified by GAO, for the 2020 Census;
- Federal agencies to resolve duplication in programs identified by GAO, by identifying substantive challenges, legal barriers, and by making legislative recommendations;
- IRS to develop a customer service plan with specific goals, strategies and, resources; GAO recommended that IRS assess gaps between desired and actual customer service performance;
- GSA to improve its ability to account for Federal property and its value; the management of Federal real property has been on GAO's high risk list since 2015;
- Labor to finalize and implement regulations related to the Workforce Innovation and Opportunity Act; GAO found that limited guidance and regulations slowed the act's implementation; and
- Defense to
 - produce information clarifying the content, scope, and phasing of developments, and capabilities of Joint Strike Fighter components; GAO found current management of follow-on development potentially posed greater costs and schedule risk;
 - report on the cost, schedule, and obligations of the Defense Healthcare Systems Modernization program.

The act also cited GAO work on deficiencies in agencies' information technology systems and directed agencies to implement those recommendations. Among those agencies included were the Farm Service Agency, the IRS, Housing and Urban Development, and the Federal Emergency Management Agency.

The Act also directed agencies to implement other GAO recommendations. For example, the act directs:

- Customs and Border Patrol to document the time unaccompanied children spend in custody, the care afforded them, and to develop a way to register, track and analyze complaints for trends.

In other cases, the Act required an agency to report on its progress implementing a GAO recommendation. For example, the act requires progress reports on the following:

- the State Department's efforts to utilize cost containment, risk assessment, and strategic planning for overseas facilities, such as embassies; and establish performance goals for programs meant to reduce global poverty and to collaborate with similar U.S. programs; and
- Interior's actions to ensure the Bureau of Indian Education schools and facilities have effective management controls and comply with Federal laws and regulations.

Finally, the act included reductions to budget requests, including to the Department of Defense's (DoD) fiscal year 2017 appropriations based on GAO work. For example, GAO found that DoD had overstated its fiscal year 2017 O&M budget request for fuel, resulting in \$1.1 billion in reductions.

The Fiscal Year 2017 Military Construction and Veterans Affairs, and Related Agencies Appropriations Act.—Requires Veteran Affairs (VA) to clarify access and wait times for mental health services and how it manages appointments for these

services. GAO found that the Veterans Health Administration calculations of veteran mental health wait times may not have always reflected the overall amount of time a veteran waited for care.

The Bipartisan Budget Act of 2015.—The Congress used GAO’s work to contribute to an agreement on spending caps in fiscal years 2016 and 2017 by identifying \$30 billion in offsets or revenue enhancements, including (1) making new provider-based off-campus hospital outpatient departments ineligible for inpatient reimbursements, saving \$9.3 billion; (2) streamlining and simplifying audit procedures for certain partnerships, increasing tax revenue by an estimated \$9.3 billion; and (3) requiring agencies to increase civil monetary penalties annually reflecting the consumer price index, generating \$1.3 billion.

The National Defense Authorization Act for Fiscal Year 2017.—Undertakes significant reform of military acquisition policy. Specifically, the Act requires DoD to improve reporting about the volume and types of defense services acquired, control costs, enhance access to supply chains, and take steps to reduce acquisition risks and encourage the development of new prototypes.

- These changes reflect GAO’s body of work on military acquisition that concluded, among other things, that senior DoD leadership needed to be better positioned to make informed decisions about acquisition. Changing approaches to acquisition could result in significant savings. In addition, access to innovative technology could be improved.
- In addition to reforming acquisition, the Act requires DoD to report on rebuilding military readiness, specifically comprehensive readiness goals, implementation strategies, progress metrics, and related costs and other best practices. These requirements reflect GAO’s finding that the lack of a comprehensive plan put DoD’s readiness rebuilding efforts at risk.
- The Act did not fund the request for \$15,260,000 in funding to create a repository for defense nuclear waste, based on GAO’s finding that DOE’s cost estimates for its repository plan excluded billions of dollars in likely costs.
- Separately, the Act directs Federal agencies to use paid administrative leave more judiciously, so leave does not exceed reasonable amounts. GAO had reported that Federal agencies had inconsistent policies for the use and reporting of paid administrative leave and that 263 Federal employees had used 1 to 3 years of leave during a 3 year period.

The Fraud Reduction and Data Analytics Act of 2015.—Requires the Office of Management and Budget (OMB) to establish guidelines based on GAO’s 2015 Framework for Managing Fraud Risks in Federal Programs to help prevent and respond to fraud and improper payments in Federal programs.

The Framework identifies leading practices to help managers combat fraud and preserve integrity in government agencies and programs. The act should help agencies reduce their vulnerability to fraud by encouraging them to identify risks and vulnerabilities; implement financial and administrative controls; and by requiring transparency through reporting on these efforts.

The Frank R. Lautenberg Chemical Safety for the 21st Century Act.—GAO has had “Transforming EPA’s Process for Assessing and Controlling Toxic Chemicals” on our high-risk list since 2009 because EPA had not developed sufficient chemical assessment information to limit exposure to many chemicals that may pose substantial health risks. This act provides EPA with greater authority to address chemical risks.

Program Management Improvement Accountability Act.—The act seeks to improve program and project management in Federal agencies. Among other things, the act requires the Deputy Director of the Office of Management and Budget (OMB) to adopt and oversee implementation of government-wide standards, policies, and guidelines for program and project management in executive agencies.

The act elevates agencies’ attention to GAO’s high risk list by requiring the Deputy Director to address programs on our High-Risk List through portfolio reviews; creating an interagency forum to review programs on the High-Risk List and make recommendations to the Deputy Director or designee; and having GAO review the effectiveness of key efforts under the act.

The No Veterans Crisis Line Call Should Go Unanswered Act.—Requires Veterans Affairs to ensure that each telephone call, text message, or other communication that their crisis line receives is answered in a timely manner by a person. GAO found that VA did not meet its call response time goals for the Veterans Crisis Line and that some test text messages did not receive responses.

FINANCIAL BENEFITS TO THE FEDERAL GOVERNMENT FROM GAO'S WORK

GAO's findings and recommendations produce measurable financial benefits for the Federal Government. Examples include financial benefits resulting from changes in business operations and activities, the restructuring of Federal programs, or modifications to entitlements, taxes, or user fees.

In fiscal year 2016, we exceeded our target of \$50.0 billion in financial benefits by \$13.4 billion, reaching \$63.4 billion in benefits for the government. This is a return of about \$112 for every dollar invested in us. Key financial benefits arising from our work included:

- reducing improper payments in the Medicare Advantage Program (about \$21.4 billion);
- increasing the use of strategic sourcing by the VA to reduce procurement costs (about \$3.6 billion); and
- improving cost estimates for the DoD's Bulk Fuel Operation and Maintenance budget (about \$2.3 billion).

PROGRAM BENEFITS

Many other benefits resulting from our work cannot be measured in dollars, but lead to program and operational improvements. In fiscal year 2016, agencies and Congress implemented 1,234 of these other benefits. For example, our work on public safety and security:

- prompted DOT to enhance its oversight of roadside safety hardware (e.g., guardrails), including a new process to verify third-party crash-test results;
- led the Consumer Financial Protection Bureau (CFPB) to issue a comprehensive data privacy protection plan and develop procedures to mitigate privacy risks and remove personally identifiable information from the consumer data that it collects;
- induced the Army to complete a mission risk assessment on planned support unit force reductions, and assess options to minimize such risks;
- prompted the Federal Bureau of Investigation to (1) conduct audits to ensure that staff who submit face image searches comply with privacy laws and (2) undertake an operational review of its face recognition technology to see if it is meeting law enforcement user needs; and
- led the Department of State to enhance its management of transportation-related security risks to better protect U.S. diplomatic personnel and their families when posted overseas.

Similarly, our work related to vulnerable populations:

- addressed protection of children including: identifying (1) safety and health issues at Indian school facilities and the need for better Federal coordination to assist K–12 schools with emergency preparedness, (2) the need for better use of data to help agencies identify disparities in K–12 education, and (3) the importance of further assisting States to keep foster children in family based care;
- prompted the Federal Trade Commission and CFPB to issue consumer advisories to reduce the exploitation of vulnerable people regarding pension advances;
- prompted VA to improve the accuracy of the data collected on veteran suicides across its medical centers to better inform suicide prevention efforts; and
- led the Department of Education to enhance assistance for homeless youth in planning for college, navigating the admissions process, and applying for Federal student aid.

TESTIMONIES AND DIGITAL MEDIA

In fiscal year 2016 senior GAO officials testified 119 times before 69 separate committees or subcommittees on issues that touched virtually all major Federal agencies.

We also engaged key stakeholders on social and digital media. Our testimonies, reports, and legal decisions appeared in nearly 40,000 twitter feeds. Watch Blog, which provides context about our work, has been viewed more than 165,000 times. Figure 1 shows examples of topics we testified on in fiscal year 2016, by strategic goal.

FIGURE 1: SELECTED GAO FISCAL YEAR 2016 TESTIMONIES

Goal 1: *Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People*

Addressing Improper Payments in the Supplemental Nutrition Assistance Program	Managing Federal Agencies' Vehicle Fleets
Improving Oversight of the Small Business Administration's HUB Zone Program	Safeguarding Transport of Spent Nuclear Fuel
Timely Handling of Veterans' Health Care Claims	U.S. Postal Service Management Challenges
Controls for Preventing Human Trafficking	Overseeing the Nuclear Security Enterprise
Reforming Regulation of Scientific Research	Commercial Space Industry Developments and FAA Challenges
Ensuring Safety and Health at Indian Schools	Improving Medicaid's Allocation to States
	Managing and Leasing Federal Real Property

Goal 2: *Respond to Changing Security Threats and the Challenges of Global Interdependence*

Addressing NASA's Management Challenges for Major Acquisition Projects	Addressing Southwest Border Security
Meeting Pilot Workforce Needs for Unmanned Aerial Systems	Improving DoD's Whistleblower Protections
Addressing Acquisition Shortfalls with the Ford Class Aircraft Carrier	Implementing SEC's Conflict Minerals Rule
Reducing Migration of Unaccompanied Children from Central America	Combating Nuclear Smuggling
Oversight of Humanitarian Aid to Syria	Addressing IT Security and Identity Theft
Future Access and Capabilities Challenges for Trusted Defense Microelectronics	Providing Data on Proposed Assistance to Palau
	Enhancing National BioSurveillance Capacity

Goal 3: *Help Transform the Federal Government to Address National Challenges*

DATA Act Implementation Challenges	Oversight at High Containment Laboratories
Observations on the Zika Virus Outbreak	Addressing Numerous IT Challenges at the VA
Improving Enrollment Controls for Medicare Providers and Suppliers	Addressing Government-Wide Improper Payments and the Tax Gap
Reducing Fragmentation, Overlap, and Duplication in Federal Programs	Improving Oversight of DHS' Human Resources IT
Addressing Cyber-based Risks to Federal Systems	Recruiting and Retaining Millennial Employees in the Federal Workforce
Modernizing Federal IT Systems	Improving Management of IT for the 2020 Census
Improving Integration of VA and DoD Electronic Health Records	Improving Federal Financial Management
Improving IRS's Efforts to Protect Taxpayer data and Combat Identity Theft Refund Fraud	

Source: GAO | GAO-17-1SP

HIGH-RISK PROGRAM UPDATE

Every 2 years GAO publishes our high-risk list that highlights Federal programs and operations that are especially vulnerable to waste, fraud, abuse and mismanagement, or that need transformative change.

GAO's 2017 edition reported that many of the 32 high-risk areas on the 2015 list have shown solid progress (Enclosure I). Twenty-three high-risk areas, or two-thirds, have met or partially met all five criteria for removal from the High-Risk

List; 15 of these areas fully met at least one criterion. Progress in high risk areas over the past decade resulted in financial benefits totaling approximately \$240 billion, or an average of \$24 billion per year.

Progress has been possible through the concerted efforts of Congress and leadership and staff in agencies. For example, Congress enacted over a dozen laws since GAO's last report in February 2015 to help address high-risk issues.

GAO removed one high-risk area on managing terrorism related information, because significant progress had been made to strengthen how intelligence on terrorism, homeland security, and law enforcement is shared among Federal, State, local, Tribal, international, and private sector partners.

Sufficient progress was made to remove segments of two areas related to supply chain management at DoD and gaps in geostationary weather satellite data.

Two high-risk areas expanded: DoD's polar-orbiting weather satellites and the Department of the Interior's restructuring of offshore oil and gas oversight. Several other areas need substantive attention including VA healthcare, DoD financial management, ensuring the security of Federal information systems and cyber critical infrastructure, resolving the Federal role in housing finance, and improving the management of IT acquisitions and operations.

GAO added three areas to the High-Risk List, bringing the 2017 total to 34:

—*Management of Federal Programs That Serve Tribes and Their Members.*—GAO has reported that Federal agencies, including the Department of the Interior's Bureaus of Indian Education and Indian Affairs and the Department of Health and Human Services' Indian Health Service, have ineffectively administered Indian education and healthcare programs and inefficiently developed Indian energy resources. Thirty-nine of 41 GAO recommendations on this issue remain unimplemented.

—*The 2020 Decennial Census.*—The cost of the census has been escalating over the last several decennials; the 2010 Census was the costliest U.S. Census in history at about \$12.3 billion, about 31 percent more than the 2000 Census. The U.S. Census Bureau plans to implement several innovations including IT systems for the 2020 Census. Successfully implementing these innovations, along with other challenges, would minimize risks to the Census Bureau's ability to conduct a cost-effective census. Since 2014, GAO has made 30 recommendations related to this area; however, only 6 have been fully implemented.

—*U.S. Government's Environmental Liabilities.*—In fiscal year 2016 this liability was estimated at \$447 billion (up from \$212 billion in 1997). The Department of Energy is responsible for 83 percent of these liabilities and DoD for 14 percent. Agencies spend billions each year on environmental cleanup efforts, but the estimated environmental liability continues to rise. Since 1994, GAO has made at least 28 recommendations related to this area; 13 are unimplemented.

Details on each high-risk area can be found at <http://www.gao.gov/highrisk/overview>.

OPPORTUNITIES TO REDUCE FRAGMENTATION, OVERLAP, AND DUPLICATION

Since 2011, we have reported on Federal programs, agencies, offices, and initiatives that have duplicative goals or activities as well as opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection.

GAO's 2017 annual report, our seventh, identifies 79 new actions that Congress and executive branch agencies can take to improve the efficiency and effectiveness of government in 29 new areas. Of these, GAO identified 15 areas in which there is evidence of fragmentation, overlap, or duplication.

For example, GAO found that the Army and Air Force need to improve the management of their virtual training programs to avoid fragmentation and better acquire and integrate virtual devices into training to potentially save tens of millions of dollars.

GAO also identified 14 areas to reduce the cost of government operations or enhance revenues. For example, GAO found that the Department of Energy could potentially save tens of billions of dollars by improving its analysis of options for storing defense and commercial high-level nuclear waste and fuel.

Congress and executive branch agencies have made progress in addressing the 645 actions that GAO identified from 2011 to 2016. Congressional and executive branch efforts to address these actions over the past 6 years have resulted in roughly \$136 billion in financial benefits, of which \$75 billion has accrued and at least an additional \$61 billion in estimated benefits is projected to accrue in future years.

To manage our congressional workload, we continue to take steps to ensure our work supports the highest congressional legislative and oversight priorities while fo-

cusing on areas with the greatest potential for results, such as cost savings and improved government performance.

MANAGING WORKLOAD BY FOCUSING RESOURCES ON CONGRESSIONAL PRIORITIES

We actively coordinate with congressional committees in advance of new statutory mandates¹ by identifying mandates in real time as bills are introduced, participating in ongoing discussions with congressional staff, and collaborating to ensure that the work is properly scoped and consistent with the committees' highest priorities.

In fiscal year 2016, we devoted 97 percent of our engagement resources to work requested or mandated by the Congress. The remaining 3 percent was initiated under the Comptroller General's authority.

Chairs and Ranking Members of committees and subcommittees are regularly consulted for feedback on our performance. Their priorities ensure we maximize the return on your investment in us.

We continue to collaborate with the Congress to revise or repeal mandated reporting requirements which have, over time, lost relevance or usefulness. For example, we worked with the armed services committees to have three mandates repealed or revised in the 2017 National Defense Authorization Act (Public Law 114-328). In addition, in December, 2016, Congress passed the GAO Mandates Revision Act of 2016, which revised or repealed eight statutory reporting requirements (Public Law 114-301).

GAO'S STRATEGIC PLAN

GAO's Strategic Plan provides a comprehensive roadmap for how our audit work will support the most important priorities of Congress and the American people. "Serving the Congress and the Nation 2014-2019 (GAO-14-1SP)" describes our goals and strategies for supporting Congress and the Nation.

The Strategic Plan Framework (Enclosure II) summarizes the global trends affecting government and society, as well as the strategic goals and objectives that guide our work. We will issue the next update to our strategic plan in 2018.

To effectively assist the Congress, we perform not only oversight and insight work, but also foresight work to identify and explore the emerging issues that present both opportunities and significant risks for our Nation. Building further foresight capabilities, including the ability to understand evolving trends and plan in a dynamic external environment, is an essential component to our support of Congress.

INTERNAL IMPROVEMENTS

The hard work and dedication of our professional, diverse, multidisciplinary staff positioned GAO to achieve a 94 percent on-time delivery of our products in 2016. Our fiscal year 2016 performance continues to indicate that we provide staff with the necessary support to produce high-quality work.

We met our annual target for retention rate without retirements and exceeded our annual targets for the remaining six people measures, staff development, and staff utilization, effective leadership by supervisors, organizational climate, new hire rate, and retention rate with retirements.

In fiscal year 2016, we continued efforts to support and maximize our value by enabling quality, timely service to the Congress and being a leading practices Federal agency. We made progress addressing our four internal management challenges, human capital management, engagement efficiency, information security, and telework.

We remain an employer of choice in the public sector. The Partnership for Public Service announced that we are one of the top places to work in the Federal Government. We improved our scores in 2016, rising to second place among mid-size agencies. We are ranked first for diversity and inclusion. Our ranking is a result of the dedicated efforts of the entire GAO team and our leaders' commitment to make our organization a great place to work.

We value our high-performing workforce. Management remains committed to work with our unions (IFPTE, Local 1921), the Employee Advisory Council, and the Diversity Advisory Council to make GAO a preferred place to work. We continue to monitor and address critical human capital management challenges, including the pending retirements of key subject matter experts, senior executives, and other key

¹ Congressional mandates include requirements directed by statutes, congressional resolutions, conference reports, and committee reports.

leaders. By the end of fiscal year 2017, 41 percent of our senior executives and more than 25 percent of our supervisory analysts will be eligible to retire.

CENTER FOR AUDIT EXCELLENCE

Public Law 113–235 authorized GAO to establish a Center for Audit Excellence (Center) to provide fee-based training, technical assistance and other products and services to domestic and international accountability organizations to promote good governance and enhance their capacity.

During fiscal year 2016, the Center's first year of operation, the Center provided fee-based training classes and audit-related technical assistance services to 10 Federal, State, local and non-profit organizations. The Center helped to enhance the capacity of these organizations by providing training on topics such as internal control, performance auditing, audit planning, report writing, and statistical sampling and analysis. Also, in April 2016, the Center entered into a Memorandum of Agreement with the U.S. Agency for International Development (USAID) that provides a broad framework for collaborative efforts to strengthen the capacity of accountability organizations in developing countries that receive U.S. foreign assistance.

During fiscal year 2017, the Center has experienced increased demand for training and technical assistance services from both domestic and international accountability organizations. The Center has signed agreements and/or provided training classes to nine Federal, State, and local government organizations thus far this fiscal year, including a package of five one-week training classes valued at \$157,000 for one organization. Agreements with other domestic organizations are also under negotiation. Internationally, the Center is executing an agreement with the country of Georgia's Supreme Audit Office for \$95,000 in training and technical assistance services to enhance the office's capability to conduct information technology audits. Finally, the Center is in the process of negotiating agreements with USAID and other donors to provide technical assistance services to other Supreme Audit Institutions.

CONCLUDING REMARKS

We value the opportunity to provide Congress and the nation with timely, insightful analysis on the challenges facing the country. Our fiscal year 2018 budget requests the resources to ensure that we can continue to address the highest priorities of the Congress.

Our request will allow us to continue building our staffing level and provide our employees with the appropriate resources and support needed to effectively serve the Congress. This funding level will also allow us to continue efforts to promote operational efficiency and address long-deferred investments and maintenance. We will also continue to explore opportunities to generate revenue to help offset our costs.

I appreciate, as always, your careful consideration of our budget and your continued support. I look forward to discussing our fiscal year 2018 budget with you.

[Enclosures I and II follow:]

ENCLOSURE I: GAO'S 2017 HIGH RISK LIST

GAO'S HIGH-RISK AS OF SEPTEMBER 30, 2016

High Risk Area	Year Designated
Strengthening the Foundation for Efficiency and Effectiveness	
Improving Federal Programs that Serve Tribes and their Members (new) ^a	2017
2020 Decennial Census (new)	2017
U.S. Government Environmental Liabilities (new) ^a	2017
Improving the Management of IT Acquisitions and Operations	2015
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risk	2013
Management of Federal Oil and Gas Resources	2011
Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance ^a	2009
Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability ^a	2006
Funding the Nations Surface Transportation System ^a	2007
Managing Federal Real Property	2003
Strategic Human Capital Management ^a	2001
Transforming Defense Department Program Management	
DoD Approach to Business Transformation	2005
DoD Support Infrastructure Management ^a	1997
DoD Business Systems Modernization	1995
DoD Financial Management	1995
DoD Supply Chain Management	1990
DoD Weapon Systems Acquisitions	1990
Ensuring Public Safety and Security	
Mitigating Gaps in Weather Satellite Data	2013
Protecting Public Health through Enhanced Oversight of Medical Products	2009
Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals	2009
Ensuring the Effective Protection of Technologies Critical to U.S. Nations Security Interests ^a	2007
Improving Federal Oversight of Food Safety	2007
Strengthening Department of Homeland Security Management Functions ^a	2003
Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information	1997
Managing Federal Contracting More Effectively	
DoD Contract Management ^a	1992
DOE's Contract Management for the National Nuclear Security Administration and the Office of Environmental Management	1990
NASA Acquisition Management	1990
Assessing the Efficiency and Effectiveness of Tax Law Administration	
Enforcement of Tax Laws ^a	1990
Modernizing and Safeguarding Insurance and Benefit Programs	
Managing Risks and Improving VA Health Care ^a	2015
National Flood Insurance Program	2006
Improving and Modernizing Federal Disability Programs	2003
Pension Benefit Guaranty Corporation Insurance Programs ^a	2003
Medicaid Program ^a	2003
Medicare Program ^a	1990

^a Legislation is likely to be necessary to effectively address this high risk area

Source: GAO | GAO 17-317

ENCLOSURE II: GAO'S STRATEGIC PLAN FRAMEWORK

(See Enclosure II in the full report GAO-17-604T, "Testimony Before the Subcommittee on the Legislative Branch, Committee on Appropriations, U.S. Senate" in the appendix at the end of the hearing.)

Senator LANKFORD. Thank both of you for your testimony. Senator Murphy and I are going to defer our questions to the end, and recognize Senator Van Hollen.

Senator VAN HOLLEN. Thank you. Thank you, Mr. Chairman and Ranking Member Murphy. I am grateful for the opportunity.

Thank both of you for your testimony today. Most importantly, thank you and your teams for the good work you do on behalf of our constituents, the American people and taxpayers.

METRO ENGAGEMENT

Mr. Dodaro, I just have a couple questions. One is a regional issue regarding the Washington Metro system, which carries hundreds of thousands of Federal employees to work every day, and I appreciate your oversight work on SafeTrack.

As I am sure you are aware, Members of the regional delegation here, Senator Warner, Senator Cardin, Senator Kaine and others have requested that GAO look into some additional challenges with a view to making recommendations as to how we move forward with this multijurisdictional metro system that is the Nation's subway.

My question to you is, number one, have you had a chance to review that request, and do you have any sense of when your analysis might be ready?

Mr. DODARO. We have reviewed the request. We have accepted the request. The work of our staff is underway and—we will have to give you a date later. I am not prepared to give a date right now.

Senator VAN HOLLEN. Got it.

Mr. DODARO. It is important work. We will finish it as soon as we can.

Senator VAN HOLLEN. I appreciate that.

OVERSEAS CONTINGENCY ACCOUNT

Next question relates to budget issues and OCO. For those of us who have been working on budget issues over time, there are issues of sequestration and then there are issues of what the overall defense spending will be and nondefense. And then within defense and some nondefense categories we have the overseas contingency—

Mr. DODARO. Right.

Senator VAN HOLLEN [continuing]. Accounts. And as I think both parties have recognized, over time, these accounts have been used in some cases for more of a slush fund to pay for things that are not necessarily contingencies but may be enduring costs. I know that in January GAO recommended that both DoD and OMB work together to revise the criteria for determining what meets the requirements of being considered overseas contingency account expenditures.

So, my question is do you know where those agencies are? I believe that they were waiting for a new administration to pursue

your recommendation. What is the status of that? What is this new administration thinking in that regard?

Mr. DODARO. Yes. I have a meeting next month with Secretary Mattis over at the Department of Defense (DoD), and I plan to follow up. I met once with Director Mulvaney, and I did not address this issue with him at that time. I had a long list of other things to talk to him about. I will follow up with him. I do not know off-hand, Senator Van Hollen. It is something that I will follow up with both of them on.

Senator VAN HOLLEN. I hope you will. OMB Director Mulvaney and I do not agree on everything, but we actually had a bipartisan amendment in the House of Representatives, which passed at least 1 year, to end the abuse of OCO because all of us I think should agree that, at least from an accounting perspective, we should be honest and transparent with the American people, so I really hope you will—

Mr. DODARO. Yes.

Senator VAN HOLLEN [continuing]. Pursue that because I am sure this is an issue that will arise in the context of the upcoming budget negotiations and the appropriations.

Mr. DODARO. Yes. I will do two things. One, I will provide an answer for the record based upon checking with our staff, and then I will follow up with both of those individuals.

[The information follows:]

RESPONSE FOR THE RECORD ON STATUS OF RECOMMENDATIONS FOR OVERSEAS CONTINGENCY OPERATIONS: OMB AND DOD SHOULD REVISE THE CRITERIA FOR DETERMINING ELIGIBLE COSTS AND IDENTIFY THE COSTS LIKELY TO ENDURE LONG TERM (GAO-17-68)

GAO made the following recommendations for executive action in this January, 2017 report.

1. To provide additional information for congressional decision makers regarding DoD's budget, the Secretary of Defense should direct the Under Secretary of Defense (Comptroller), in consultation with the OMB, to reevaluate and revise the criteria for determining what can be included in DoD's OCO budget requests to reflect current OCO-related activities and relevant budget policy directing in which budget requests OCO funds may be included.
2. To assist decision makers in formulating DoD's future budgets, the Secretary of Defense should direct the Under Secretary of Defense (Comptroller) to develop a complete and reliable estimate of DoD's enduring OCO costs and to report these costs in concert with the department's future budget requests, and to use the estimate as a foundation for any future efforts to transition enduring costs to DoD's base budget.

The Department of Defense (DoD) and Office of Management and Budget (OMB) have not taken action on our recommendations. In DoD's response to a draft of our report, DoD concurred with our first recommendation and stated it planned to propose updated criteria to OMB to reflect current and evolving threats and reflect any changes in overseas contingency operations policy under the new administration. As of June 2017, neither OMB nor DoD has publically released updated criteria, and DoD has not made any updates to Volume 12, Chapter 23 of its Financial Management Regulation that governs contingency operations to reflect the criteria.

According to an official at DoD, at this time, there are no updates to the criteria for determining what can be included in DoD's overseas contingency operations budget request nor are there efforts underway between DoD and OMB to update the criteria. In addition, DoD's fiscal year 2018 budget request continued to include activities that our report identified as not being specifically addressed in the OMB criteria, including operations in Syria, the European Reassurance Initiative, and security cooperation funds (formerly the known as the Counterterrorism Partnership Fund).

Regarding our second recommendation, the department has not, as yet, responded, and DoD's fiscal year 2018 budget request, issued in May 2017, did not

include an estimate of its enduring overseas contingency operations costs as we had recommended. In its response to our draft report, DoD partially concurred with our second recommendation and commented that developing reliable estimates is an important first step in any future effort to transition these costs to the base budget.

However, DoD stated that until there is relief from the budgetary caps established by the Budget Control Act of 2011, DoD would need overseas contingency operations funds to finance counterterrorism operations, such as Operation Freedom Sentinel and Operation Inherent Resolve. DoD also offered no plans to take action to address this recommendation in its response to our draft report.

PENTAGON AUDIT

Senator VAN HOLLEN. Thank you. My last question for you, Mr. Dodaro, is that the Pentagon waste and the fact that DoD has still not passed an audit, we discussed this briefly——

Mr. DODARO. Right.

Senator VAN HOLLEN [continuing]. During the Budget Committee hearing. Just to quote from the GAO's report that the Pentagon's inability to manage its finances affects its, quote, "ability to control costs, ensure basic accountability, anticipate future costs, measure performance, prevent and detect fraud, waste, and abuse, and address pressing management issues and prepare auditable financial statements."

Now, the DoD Inspector General—well, we had set out a deadline of September 30 of this year for DoD to pass the audits. Do you have any current assessment of whether they are going to be able to do that?

Mr. DODARO. Well, DoD has been expanding the scope of the audits. The last couple years they have just been trying to audit 1 year of budget execution data and they have not been able to pass those audits. They have expanded the scope of the audits, which is a good thing because they need to learn more about what they need to do to be able to pass an audit. The Department has said they do not expect to pass the audits, but it is important for them to continue to prepare the data and systems to conduct the audit.

The audits that were done for 2015 and 2016 had over 700 recommendations for improvement. We have made recommendations and DoD need to better monitor the corrective actions and fix some of these underlying problems, that would put themselves in a better position to ultimately be able to pass an audit.

Senator VAN HOLLEN. Right.

Mr. DODARO. This is one of the things I want to talk to the Secretary about. It's important for them to get their people in those positions and focused on——

Senator VAN HOLLEN. Right.

Mr. DODARO [continuing]. Those issues, so I am on that case.

Senator VAN HOLLEN. I know, but this has been a story——

Mr. DODARO. Yes.

Senator VAN HOLLEN [continuing]. That goes on——

Mr. DODARO. Yes.

Senator VAN HOLLEN [continuing]. Year after year after year, and I think we all appreciate your work at GAO to try to make sure we identify Medicare fraud or Medicaid fraud or EITC fraud. None of us want to see taxpayer dollars wasted. But with DoD, they seem to go on with impunity, and so we look forward to that conversation.

COPY OF HEALTHCARE REFORM BILL

So, my last question is really for Dr. Hall, and it is, you know, more of a statement of sympathy than a question, but I do want to associate myself with the remarks of Senator Murphy with respect to the way this process on so-called healthcare reform has rolled out here in the United States Senate. We have not had a single hearing on a bill, that apparently is going to be sprung on the American public as early as tomorrow.

My question to you is do you have a copy of that bill? And when do you expect to be able to issue a CBO analysis of that bill?

Dr. HALL. Well, as you are probably aware, we do a lot of work on draft legislation in a confidential mode where we will look at pieces of it, we will look at drafts, and give feedback and et cetera. And when we are in that mode, we will not talk about what we have got, even what we are working on. I can tell you we are working on a number of things on a number of topics, so I really cannot tell you at this point.

Senator VAN HOLLEN. Well, apparently, the Republican leader is not able to tell the public or even Senator or his members. But let me ask you this. Based on your review of the earlier iterations of this legislation like the original House bill and the second House bill, what is the expected turnaround time from when you actually get a final product to when you think you are going to be able to provide an analysis? Because that will determine potentially the amount of time the American public has to look at the nonpartisan analysis of facts before we enter into a debate on this legislation.

Dr. HALL. Well, the answer is it depends. It depends on how early we have seen drafts and how much work we have been able to do, and they are almost always on things—there are almost always little iterations and changes. So, you know, on something like that we could spend a fair amount of time on it before it is made public, in which case it will not be so long to get something out. It actually just—it just sort of depends.

I will say, though, when we are in this confidential mode, we are very concerned about the level playing field. So once some legislation is in final full form and it becomes public, then any estimate we finished becomes public, as soon as we finish it or as soon as the bill is made public. So, we will make it public as soon as we can once it is sort of full and finally released to the public and we have finished our work.

Senator VAN HOLLEN. Okay. Well, just when you do that, I look forward to sitting down with you and your team to go over your findings.

Dr. HALL. Okay. We are happy to do that.

Senator VAN HOLLEN. Thank you.

Senator LANKFORD. Let me just bounce several questions off of you, and we will do a couple of rounds of questions and try to keep them in smaller bites so we can run through some things.

2017 GAO STAFF

Mr. Dodaro, the omnibus funding allocated additional funds for GAO to support additional staffing requests and to be able to make some changes. How is it going currently implementing those at this

point, with a shortened fiscal year to be able to accomplish that? What is the status?

Mr. DODARO. Since we received the funds last month, we have expedited our hiring plans. We plan to hire about 211 people that would get us to the 3,000 FTE mark that we talked with you and your staff about. We have hired about 160 of those already, and we are working on the remaining hiring. We expect to be in good shape. We expect to have over 3,000 people at the start of next fiscal year, so we would be in a position, if we receive the additional funds in 2018, to reach the 3,100 mark.

Exactly where we end up this year will depend on how quickly those people get on board in the next couple months before the end of the fiscal year. We are being aggressive. We are out looking for the people that we need.

Senator LANKFORD. What is your typical time to hire as far as number of days typically to add an additional employee?

Mr. DODARO. I do not know off the top of my head—

Senator LANKFORD. That could possibly be the first time I have ever asked you a question you did not know the answer to.

Mr. DODARO. Well—

Senator LANKFORD. And I have asked you a lot.

Mr. DODARO. Well, it depends. Most of our hiring is done by hiring summer interns back that had been there in the previous summer. In those cases, we actually make them job offers before they leave. Last year we did not make those offers because we did not know our appropriation for the year. We have contracted and made offers to them now. If we have to post an announcement and evaluate new applicants, then it takes a little longer.

Senator LANKFORD. Which, by the way, you just made several hundred Federal agencies jealous by saying you are able to hire summer interns onto your full-time staff because, of the 120 hiring authorities they have, they struggle with that one, which for most Americans is the most obvious of all the hiring authorities that should be in place that most agencies do not have. That is a different conversation for a different day.

Mr. DODARO. Right.

Senator LANKFORD. Hopefully, we can get that done. Senator Heitkamp and I are working on getting that hiring authority.

FISCAL YEAR 2018 REQUEST

You have asked for an increase of \$11.9 million. Give me a quick return on investment on that on why that would be beneficial. And not to embarrass you, you have asked for 100 additional people. The person to your right asked for four. So, tell me the return on investment on that to the Federal taxpayer.

Mr. DODARO. Yes. On a percentage basis—

Senator LANKFORD. Yes.

Mr. DODARO [continuing]. It is about the same—

Senator LANKFORD. I understand.

Mr. DODARO [continuing]. Senator. I point that out—

Senator LANKFORD. Yes.

IMPROPER PAYMENTS

Mr. DODARO [continuing]. I think there would be a good return on investment in the following areas. I am very concerned about the growth in improper payments in the Federal Government. Since reporting started by the agencies in 2003, over \$1.2 trillion has been reported by the agencies as improper payments during that period of time. I think we have money going out the door that should not, and we have revenue that should be coming in that is not. The Congress struggles every year to stay under the discretionary caps and find tens of billions of dollars in savings. We have a situation where the government agencies have eliminated \$144 billion in improper payments last year alone and \$400 billion missing from revenue that should be collected.

We have made contributions in these areas. I am confident that we could make additional contributions in this area——

Senator LANKFORD. Yes, your opening statement implied that would be the priority of people that you would add. Is that true?

Mr. DODARO. That is true. It would be improper payments, tax gap, and also I mentioned the science and technology area. That is where we would add additional resources.

Senator LANKFORD. Okay.

Mr. DODARO. Yes, I am particularly concerned about the improper payments; that the number is understated. That is particularly true for the managed care portion of Medicaid, which is now growing to about 40 percent of the Medicaid expenditures. I have been working with the State auditors. I have a dozen State auditors now that want to do more work because it is such a significant portion of the State budget. We are trying to work with some of the committees in Congress to get some support to the State auditors. I think that will have a good return on investment as well. We are working on multiple fronts here.

GAO WORK PRODUCTS

Senator LANKFORD. Okay. Terrific. I understand about 97 percent of the different work products that you create are congressionally requested, and about 3 percent are at your discretion. Help me understand some of the priorities that you see in the future and some of your leadership discretion——

Mr. DODARO. Right.

DEBT CEILING

Senator LANKFORD [continuing]. And say this is not requested but it should be and we need to take a look at it.

Mr. DODARO. Right, right. Well, some good areas where it has been used in the past, include our work on the debt ceiling. Nobody asked us to do this work on the debt ceiling. We did work and found that impasses over the debt ceiling distorted and had a negative impact on the Treasury market. Treasury securities are regarded throughout the world as safe. However, we found that investors were avoiding Treasury securities that would become due when the extraordinary actions expired. In addition, we found that the Federal Government was paying additional interest costs because of that. After the last impasse period in 2013 it paid between

\$38 and \$70 million in additional interest based on our estimates. The current debt limit affects liquidity in the secondary market for Treasury securities, increase interest costs and, because it is an after-the-fact measure, the current debt limit approach does not do anything to control the debt.

Senator LANKFORD. Right.

Mr. DODARO [continuing]. I have made suggestions on how that could be changed.

HOUSING FINANCE MARKET

I am very concerned about the housing finance market. We have used some of that authority to look at options for ultimate resolution for Fannie Mae and Freddie Mac. Since they have been in Federal conservatorship since 2008–09 timeframe, we need to resolve that. The Federal Government has absorbed all the risk. Two-thirds of the mortgages for single-family homes are either directly or indirectly supported by the Federal Government. If there is a downturn in that area, all that risk is with these organizations. The private mortgage market has not really returned to where it was before the recession hit.

FEDERAL GOVERNMENT FISCAL POSITION

We have used it in doing long-range projections of the Federal Government's fiscal position. We issued a special report this past January that explains that the Federal Government is on a long-term unsustainable fiscal path, and calls for the Congress to develop a plan, recognizing you need to make a lot of short-term investments. We also need a long-term plan to deal with this problem.

Our simulations and that of CBO show the same trend, as well as OMB and Treasury and the financial report of the Federal Government all show in the next 15 to 25 years, absent any fiscal policy changes, you will have more debt held by the public as a percent of gross domestic product. This will go over the historic average, which is 106 percent in World War II, which means we will owe more than our entire economy is producing. It goes up beyond that to 200 percent and above.

This is all going to happen when the disability portion of the Social Security Trust Fund also will have only 87 cents on the dollar to pay benefits by 2023. The Hospital Insurance Fund, Medicare by 2028 will only have 89 cents on the dollar. Social Security—The Old Age, survivors fund—by 2035 will only have 77 cents on the dollar to pay benefits. And in the midst of that, I think there is a good possibility that the multi-employer plan of PBGC could be insolvent as well.

We have very difficult issues to address. Those are the type of things. I use them for big-ticket things. We always let the committees know that we are working on on things that we decide to do under our own authority.

CYBERSECURITY

Many things that we start under our own authority are then mandated by the Congress going forward. You know, for example,

we put cybersecurity on the high-risk list—the first time we ever designated anything high-risk across the Federal Government in 1997—so this was 20 years ago we warned about the problems at the Federal level. Now we are inundated with requests from Congress to look at various cybersecurity areas over time. So, I use it judiciously—

Senator LANKFORD. Right.

Mr. DODARO [continuing]. But in very important areas. There are no fishing expeditions here.

Senator LANKFORD. Yes. No, I did not anticipate they were but—

Mr. DODARO. Yes.

Senator LANKFORD [continuing]. Trying to get a feel for some of the—

Mr. DODARO. Yes.

Senator LANKFORD [continuing]. Type of projects you are looking for in the future on that.

CHILD SECURITY AND RETIREMENT SECURITY

Mr. DODARO. Yes. Yes, there are two other ones now I mention. One is on child well-being. I am very concerned that there is no focus on children collectively across the Federal Government. Also no focus on retirement security. I am concerned about the overall picture in retirement security in our country with the baby boom generation retiring. I have talked about the Social Security issues. PBGC is also on our high-risk list, and they are about \$74 billion right now in liabilities that exceed their assets. The private sector is offering fewer pension plans. If they do, they are defined contribution versus defined benefit. State and local governments are struggling with underfunding in some of their pension systems in some of the big States.

The shift is more to individuals to save for their own retirement rather than through employers and the government programs. Most people in those cases do not have any money saved. About 40 percent of Americans do not have any money saved for retirement on their own. Those that have some savings are relatively modest.

I want to bring this to Congress' attention in a broad picture and basically say we need a national strategy to deal with some of these issues. Those are a couple other examples of what we are using right now on our authority that will come to the Congress in reports this year.

Senator LANKFORD. Great. Thank you.

CBO'S INTEREST IN A LEVEL PLAYING FIELD

Senator Murphy.

Senator MURPHY. Thank you, Mr. Chairman.

Dr. Hall, I want to continue on your answer to Senator Van Hollen. You talked about your interest in a level playing field, and so it suggests that there are, you know, some values-based decisions that you make with respect to the release of your scores.

My fear is that the way in which Congress is interacting with CBO is changing radically, so here is the list of CBO publications related to healthcare legislation that were released in 2009 and 2010. And it is a very long list. CBO started sending out reports

in early 2009, and then began releasing estimates of the committee products once committees began their work so that, you know, by the fall of 2009, there were complete CBO reports that Members could look at as the basis for considering legislation on the Floor.

What is happening here is very different. Republicans are not going through the committee process. There is no bill being produced by committee. They are negotiating the product in secret and then having confidential conversations with CBO. So, to the extent that you are interested, and these are your words, in a level playing field, what do you do about the fact that this relationship of confidentiality can be taken advantage of to effectively hold the CBO score until the last possible minute, giving Members of the minority party a very small amount of time to look at that legislation? This policy of waiting to release it until it was made public made a lot more sense back when committees functioned and you had a CBO score on the committee bill. Does your view of maintaining a level playing field change given the fact that you may no longer ever do a committee-based score on a major piece of legislation?

Dr. HALL. Well, you know, we work confidentially basically because Congress finds it valuable for us to work confidentially. They can give us informal estimates and get some idea of what we think about them. I think it probably helps make better products. It is done all the time on a lot of different pieces of legislation. But I understand the issue, that during this time period, it is kept confident. And we do that because we are asked to.

And I think it is sort of above my pay grade to recommend a change in that. I do think it would probably change the nature of a lot of the work. You know, the healthcare stuff is one particular case, but we do this on a lot of different things. And we do the confidential work for the minority side as well for committees, so one would have to sort of think about that. But we do do our best, like I say, when legislation becomes public. That's when we will no longer do the confidential work, and any work we do on that piece of legislation will be public. That is sort of the—I think it is sort of the—certainly the best that we can do in striking a balance.

CBO'S ASSUMPTIONS ABOUT FUTURE IMPLEMENTATION OF AHCA

Senator MURPHY. Yes, I do not think we can ask you to make that change in policy unilaterally. I have raised it in the context of this hearing because, you know, I just think that you are being used by the Republican majority for political purposes, and I think it compromises your independence and it will encourage Democrats, when they are in the majority, to similarly use you, use that confidentiality to hold the CBO score until the last minute. That is at the basis of my worry about the way in which Republicans are acting today.

Let me ask you a question about your House score. In the House—opponents of the Affordable Care Act have a favorite phrase, “death spiral.” They say that the Affordable Care Act is in a death spiral and that we have to rescue it from this death spiral. And I do not read your summary of the House healthcare bill as predicting that. You score out what would happen to the number

of people without insurance in this country over a 10-year period of time with the House healthcare bill and without it.

Without it, you come to the conclusion that at the end of a 10-year-period of time there will be 28 million people without insurance, which is a slightly higher number than today, but with the House healthcare bill, 51 million people will be without insurance.

And I want to ask you about the 51 number. I want to ask you about the 28. What assumptions are you making about the future of the implementation of the Affordable Healthcare Act to come to the conclusion that, by and large, the number of people with insurance will be stable over a 10-year period of time? Are you assuming that the administration is going to actively implement that act, and has the conduct of the administration over the course of the first, you know, 4 months of 2017 changed your opinion as to what the number of people with insurance will look like at the end of that 10-year period of time?

Dr. HALL. Yes, we have not changed our view on implementation, and we hesitate to do that unless there are specific actions that will likely impact implementation, if anything, that we can see, and then we will take that into account on our baseline. So, as you say, our view of the Affordable Care Act, we assume a certain level of implementation going forward.

One of the more difficult parts about that, of course, is the Medicaid side of things. And here, we are predicting what State governments are going to do. And so a big part of the ACA going forward and the AHCA would involve how many States decide to expand Medicaid or not going forward, so that is not really an issue of—less an issue, I guess of implementation by the administration, more of how we are projecting that States will behave going forward. And that is a difficult thing, but that is a big part of the uncertainty I think for us going forward in this number.

IMPACT OF A FLAT BUDGET ON GAO

Senator MURPHY. Just one question for you, Mr. Dodaro. What happens to you in a flat-funded budget? Are you able to maintain your existing staff levels in a flat-funded budget?

Mr. DODARO. No. There is no way we will be able to do that. In a flat-funding scenario, we would lose about 200 people by the end of the year. We would be at our lowest staff levels since the 1930s if that happened. We had been hovering around that staffing level since the sequestration occurred. During that period we lost 15 percent of our staff. Thanks to this subcommittee, for the last few years we have regained some of that and been able to rebuild. Any flat-funding scenario would send us back down to that scenario and affect our ability to provide service to the Congress.

Senator MURPHY. And who do you—

Mr. DODARO. It would have pretty dramatic effects.

Senator MURPHY. Who do you lose—you know, who are those 200 that you would lose?

Mr. DODARO. Well, that is about what our attrition is every year.

Senator MURPHY. Yes.

Mr. DODARO [continuing]. So that would be normal attrition with zero replacement.

Senator MURPHY. Right.

Mr. DODARO. I have often likened us to being a college football coach where the seniors leave and there are no freshman or sophomores coming in. You just tell the juniors to work harder, and it is a problem. It would have very serious, negative consequences on us to be in a flat-funding scenario. It would ill serve the Congress.

Senator MURPHY. All right. Thank you. Thank you, Mr. Chairman.

Senator LANKFORD. Can I ask a follow-up question on that as well, why with flat funding you would lose 200 people? Help provide additional clarity to that. Why if the funding stayed static, why a loss of 200 people?

Mr. DODARO. Salary increases for the staff. Based on the cost of living adjustment increased this year and next raises staff costs so it costs more to keep the same level of staffing on board because of that increase in salary costs.

Senator LANKFORD. Even when you have seniors that are leaving and you are hiring freshman, which are cheaper than seniors?

Mr. DODARO. Yes.

Senator LANKFORD. Yes.

Mr. DODARO. We would not hire during that period of time to replace attrition. Not all of the 200 people that leave are at senior levels—I was using it as an analogy—

Senator LANKFORD. Sure. I understand.

Mr. DODARO [continuing]. Of replacement scenario.

Senator LANKFORD. I was trying to get the—

Mr. DODARO. Maybe I should have used the chemistry—

Senator LANKFORD. Yes, I am just trying to get the details—

Mr. DODARO [continuing]. Analysis. Part of the 200 people that leave will be junior people, too. About 40 percent of the people will be people retiring are at more senior levels. The other 60 percent are people at junior levels that move on, take other positions, have changes in family—

Senator LANKFORD. Okay.

Mr. DODARO [continuing]. Circumstances.

ESTABLISHMENT OF SENIOR-LEVEL POSITIONS

Senator LANKFORD. Great. Thank you.

Dr. Hall, let me ask you this question, same question I asked Mr. Dodaro earlier about the omnibus funding, and that is we included some language to establish senior-level positions to allow the agency to try to retain folks. Has that been implemented? How is that going? Has that been helpful so far?

Dr. HALL. Well—

Senator LANKFORD. I know it is early.

Dr. HALL. Yes, well, first of all, thank you for providing the authority.

Senator LANKFORD. Yes.

Dr. HALL. I think that will be very helpful to us. It really impacts our most senior-level people. We have only about 10 people, and those folks, compared to their executive branch counterparts, were literally about \$15,000 per year difference, falling behind, so that is going to make a difference. I think we are going to not fully implement, and probably in 2018 we will start trying to implement that. But it will not have a big impact I think on our spending be-

cause it is only a few people, but our retention will make a really big difference because we have lost a number of senior managers, and most of them have gone to higher-paying jobs.

CBO'S TRANSPARENCY

Senator LANKFORD. Last year at this same hearing you had mentioned some of your goals for the next year and things that the agency could improve on. One of the things that you mentioned last year the agency can improve upon was transparency. How is that going? Tell me how the agency has improved transparency in the last year.

Dr. HALL. Sure. We have worked on transparency in almost everything that we do to be honest, and a lot of it starts with our legislative cost estimates. We are spending a little extra time. It is always this rush where we are getting things done as quickly as we can but then explaining what we have done very carefully. We have improved our efforts on that. The recent ACA estimate I thought was a good example of that because that is really a fairly long document where we tried very hard to explain things.

We made extra effort to get in to see Members and explain things when people ask. You know, every time we produced an estimate or anything, if anybody has any questions or any problems with it, we are happy to go in and talk about what we have done.

We have produced a number of extra products, supplementary products explaining things. One of the things, for example, was where we have done a dynamic scoring of the ACA a couple years ago, and what is the GDP effect. You know, we had some estimates in that of an ACA repeal, and then later, we produced this little supplementary report where we talked about how we estimated the labor supply effects of the ACA, and explained that in some detail.

That was an effort in transparency, a number of things like that. We are trying very hard. We are talking about putting up some of our—more of our documentation of our models. We literally have probably hundreds of models that we use. And it is very hard to put the models themselves up but documentation we are putting up quite a bit, so it is a lot of little things that we are doing to increase transparency, and as always, we are open to ideas.

Senator LANKFORD. Yes. So, help provide some clarity. As you mentioned, it's hard to be able to put the models up themselves—

Dr. HALL. Right.

Senator LANKFORD [continuing]. That we can get a chance to see basically the calculator that you put together. Why would that be?

Dr. HALL. Well, some of them are very, very complicated, and it takes a lot of work to prepare things to put into the model. And the models—what the analogy is like, the human aspect of almost everything we do is really great, even with a model involved. One of the things that we are trying to do and what we can do is, for example, updating the healthcare stuff. We are updating the healthcare model. We will try to document that as we go along. And we will see about trying to make it available. It is hard to do because it is hard for people to understand it. It takes a lot of time to support it.

Senator LANKFORD. Right. And it does, and that is part of the challenge is that every time a decision is made on something that

requires a model, every economist pokes their head up at the same time and says what were the assumptions in that model——

Dr. HALL. Right.

Senator LANKFORD [continuing]. Who made the model? Did they take this and this and this into account?

Dr. HALL. Right.

Senator LANKFORD. Typically, the answer from Congress is we do not know. We do not know what assumptions, we do not know what other alternatives were considered. We do not know how it was ran based on what other products were not there. That is part of the difficulty because we will have—any given piece of legislation, there may be five different models out there, one of them being CBO, and we do not see all the assumptions on it. That would help us just to be able to look at it.

Obviously, we ask you and require of you to be a neutral arbitrator, but seeing the model helps us to be able to know, to tell us the assumptions that were there in that.

Dr. HALL. We are certainly trying to address that with the documentation. We are making the assumptions clear and providing enough detail that somebody else could actually sort of reproduce what we have done. That is sort of the goal.

Senator LANKFORD. Yes, that would be great, that basic science to be able to come back and reproduce it and somebody else would be able to look at it and run the same numbers in the same type of model and get the same results.

Dr. HALL. Yes.

Senator LANKFORD. Otherwise, you get four economists together and you get 4.785 different results as you run through it.

Dr. HALL. Yes.

Senator LANKFORD. Let me recognize Senator Kennedy.

COMPARING ACA PROJECTION TO ACTUAL

Senator KENNEDY. Thank you, Mr. Chairman. I apologize, gentlemen, for being late. I was in another committee.

Dr. Hall, let me preface my remarks by saying I am a big fan of your agency. I have followed you through the years, and I know you and your colleagues are in good faith and none of us are clairvoyant. Have you ever—let me get more specific. Looking back to when we passed the Affordable Care Act, Congress did, how much did CBO predict it would cost, and now with, what, 7 years' worth of experience, how much has it cost?

Dr. HALL. Yes, you know, I do not have the numbers right in front of me, but I will say we have tried very hard to keep up with the actual data once it came in. You can remember a few years ago——

Senator KENNEDY. I understand but——

Dr. HALL [continuing]. It was——

Senator KENNEDY. But ballpark, how close were you?

Dr. HALL. On the spending, I do not think we were too far off on the spending side of things, and I think we were pretty close on the number of uninsured as well. The part that we struggled most with was with something like the number of people on exchanges versus number of people on Medicaid. That shifting be-

tween those two groups turned out to be difficult. Not as many people did the exchanges. More people did Medicaid.

Senator KENNEDY. Do you recall, did you make a prediction or an estimate—not a prediction I guess is the wrong term—did you make an estimate at the time about the cost and the number of people that would join Medicaid?

Dr. HALL. Yes, we did, but I do not—I am sorry, I do not have it in my memory right now.

Senator KENNEDY. Sure. Do you know how close you turned out to be?

Dr. HALL. I do not offhand.

Senator KENNEDY. Have you gone back and looked?

Dr. HALL. Yes, we have gone back and looked, and we have done some work on that. I would be happy to follow up—

Senator KENNEDY. Could you—

Dr. HALL [continuing]. On that.

Senator KENNEDY. Could you get me that information from—

Dr. HALL. Sure.

Senator KENNEDY [continuing]. Medicaid and for your estimates on the Affordable Care Act—

Dr. HALL. Yes.

Senator KENNEDY [continuing]. And now that we have, what, 7 years' worth of experience, the reality.

Dr. HALL. Okay. And let me just say we will do what we can. It is a little difficult because so many other things change at the same time. It is hard to know, but we will tell you what we know. We will tell you what we know about how well we did on the estimate.

Senator KENNEDY. Well, what I am looking for is something pretty simple.

Dr. HALL. Okay.

Senator KENNEDY. Here is what we said would happen; here is what happened.

Dr. HALL. Okay. We can do that.

[CLERK'S NOTE: See the answer to Senator Kennedy's question above in the "Additional Committee Questions" at the end of the hearing.]

Senator KENNEDY. Okay. When President Bush passed his prescription drug plan, did CBO do an estimate of the cost then?

Dr. HALL. Yes.

Senator KENNEDY. Okay. Now, we have a lot of experience with the prescription drug plan.

Dr. HALL. Right.

Senator KENNEDY. What did you estimate it would cost, and what has it cost? Do you have that data?

Dr. HALL. Yes, I do not know right off the top of my head. I am happy to follow up, though. I am sorry I do not have those numbers.

[CLERK'S NOTE: See the answer to Senator Kennedy's question above in the "Additional Committee Questions" at the end of the hearing.]

Senator KENNEDY. That is okay. That is all right. Do you customarily, as a practice at CBO, continually look back and say, okay,

we predicted this, it turned out this, this is what we got right, this is what we got wrong, here is how we can learn from this and do better in the future?

Dr. HALL. Yes, we—once a year, we go through all the accounts and see how the cost of programs and how many people are taking up, and we adjust that on our baseline. So once a year, we actually adjust all those numbers.

We do not do a full analysis of individual pieces of legislation because it is so hard, but one of the things that we are actually doing right now, every year, we have been looking back at all of our economic forecasts and looking at our record; how do we do compared to other people on our economic forecast? And a little over a year ago we did that with revenues, and right now, we are looking at expenditures. How have we done in forecast—

Senator KENNEDY. Okay.

Dr. HALL [continuing]. Spending compared to the actual outcomes, so we are going to have a big-picture view of that actually sometime this year I think. That will give you a big picture about how well we do. And it is exactly for the reason that you are talking about. We want to try to be better at what we do.

Senator KENNEDY. Okay. Well, do not misunderstand my questions. I am a big fan.

Dr. HALL. Sure.

Senator KENNEDY. I realize that when you give folks a number they like, you are the best thing there is, and when you give them a number they do not like, it is you do not know what you are doing. And I understand that. That is human nature.

But I do think it is a good idea to look back and say, okay, this is where we were then and this is where we are now. And if you could get it for me for the prescription drug program, for the Medicaid expansion, and for the Affordable Care Act in general.

Dr. HALL. Okay.

Senator KENNEDY. I do not really have any questions of the general. I wanted to thank him for his good work. I am a big fan. I had my staff do a little research. You have a return on investment of \$112 return for every \$1 in taxpayer money you spend. I will take a dozen of those. That is pretty extraordinary.

I really want to thank you for the hard work you have done in so many areas but particularly improper payments. And I just wanted to—I am fully supportive of your efforts. I know you are not the most popular person in America at times, too, but you have to have folks—the metrics are important. The focus in government today is too much on how much money we are spending as opposed to what are the metrics, what are we getting for the money.

Anyway, I probably went over. I am sorry, Mr. Chairman.

But thank you both for your service.

Mr. DODARO. Thank you very much.

CBO MODELS AND ALTERNATIVE PROJECTION/ASSUMPTION

Senator LANKFORD. Thank you, Senator Kennedy. Thank you.

Let me run a couple other questions past you and see if there are others that have additional questions as well.

Just to be able to finish up, Dr. Hall, on the modeling aspect of it. During the budget hearing last year as well, you were also

asked specifically about the healthcare model, said you were rebuilding it, and when it was rebuilt, you would make that publicly available. That is still one of those things that would be very helpful to get, that rebuilt product and whatever you are revising in that 2016 to 2017 time, and then some ideas of why you felt like it needed to be rebuilt. I want to be able to get better information.

CBO has been very good about putting out—and it is a fairly recent addition—alternative futures basically.

Dr. HALL. Right.

Senator LANKFORD. Here is an alternative projection in baseline. You have been tasked to look at what is, but CBO has been very good at saying I know what is, but I also know what Congress will probably do. The greatest example of that was things like the SGR, the “doc fix” for years. CBO would look at that and say Congress has fixed that every year, they come up with a new way to fix that every year, we can put that in the baseline or we can assume they are going to do what they have done the last 15 years. And you have made some of those assumptions. How is the progress going on some of those things to be able to look at it and to provide different opinions?

So, again, in your modeling to be able to look at it and say this is what is, but I would assume in the conversation around the table in the closed room there is also some frequent statements that say we all know this is what is really going to happen. This is what we have as a legislative mandate right now, what is in front of us. This is what is really going to happen.

Dr. HALL. Sure.

Senator LANKFORD. Is that going to continue to progress in other ways to provide to Congress new models? It is basically two opinions of what was happening in the room. I am not trying to double your work, but that opinion is already there; we just do not get that second one.

Dr. HALL. Okay. Yes. We will take a look. I am not sure what we have planned. To be honest, our biggest alternative path that we talked about we do not do anymore because it has sort of come true.

Senator LANKFORD. Right.

Dr. HALL. So we will have to think about if there is another one. One that we are going to work on carefully is, you know, we are asked to assume, for example, that things like the trust funds are fully paid out even though the law says they cannot pay out, so we are going to work on that alternative assumption of, well, what if they are not?

Senator LANKFORD. Right.

Dr. HALL. And that will be one of our alternate assumptions. And we would be happy to think about some others.

Senator LANKFORD. Again, that is helpful information to Congress—

Dr. HALL. Right.

Senator LANKFORD [continuing]. As we work through the process to be able to see what is forecasted and what actually is. Both those things side by side give us the information I think that we need.

Dr. HALL. Okay.

Senator LANKFORD. I would also say in what opinions come out, do not feel an obligation to I guess water it down to the lowest common denominator Congress can handle. There were split decisions in this as we discussed it, here is one option—here is the general piece. Here is one option, here is another one, what it could be, and be able to give us different varieties of it and to be able to lay that out.

Dr. HALL. Okay.

Senator LANKFORD. We are fine to be able to see that. More data in its rawest form is helpful to us rather than its refined lowest-common-denominator-type form. Does that make sense?

Dr. HALL. Sure.

Senator LANKFORD. So that is extremely helpful to us.

I would also be interested to be able to get from CBO, as you do the scoring, the things that everyone around your table and every economist there knows good and well is not true. For instance, my favorite budget gimmick, the changes in mandatory programs. Everyone knows that is not real, but yet the law allows it. And in the scoring, that scores. It is really 8, 9, \$10 billion more in deficit spending, but on paper, it is not more deficit spending. In real life, it is.

There are things that your economists see that I want you to know we would be welcome to be able to receive back, whether that is a note, a footnote to say this is accomplished by changes in mandatory programs, which is allowed by law, but it will increase deficit spending by this same amount. That gives us information.

Dr. HALL. Right.

Senator LANKFORD. So do not pull back from giving us accurate information for the sake of saying we have to play the Washington game on things. You see that in multiple areas, I am confident. I just noted one of those to you in the changes in mandatory programs that, again, other CBO directors that I have talked to have all said the law says, so we have to do it that way, but everyone at the table knows it is not right. Does that make sense?

Dr. HALL. Sure.

TELEWORK

Senator LANKFORD. So even a notation to be able to help explain it for what it really is would be helpful to get good clarity for everyone that is getting a chance to go through that document.

One other quick question for Mr. Dodaro as you go through this, and that is telework. I know it is something that you have explored before and have looked at not only at GAO but in other agencies and entities. I would be interested to be able to know in the future, as you are looking at telework, on how it can be evaluated for metrics. Is the taxpayer getting its maximum benefit? How do you evaluate supervision in that? What basic metrics can be put into place or areas where there are no metrics. There is telework, but we do not know if it is helpful or not helpful.

Again, it may be great for morale for employees. Is it great for the taxpayer as well to be able to have that as a good fit? And I do not have a preconceived notion—

Mr. DODARO. Right.

Senator LANKFORD [continuing]. To say this does not work, but that is one of those many areas that, as multiple agencies look at both the cost——

Mr. DODARO. Right.

Senator LANKFORD [continuing]. Of office space and also the value of work, and we have multiple agencies that have a large backup right now and backlog of work that needs to be done, but yet they have a high percentage of telework folks as well, to say is there a correlation between those or is that just coincidental——

Mr. DODARO. Yes.

Senator LANKFORD [continuing]. Does it make sense?

Mr. DODARO. There are some clear areas where there should be metrics, cost is one of them in terms of the office space, also transit benefits. There are other measures of cost. Each agency will have to have different metrics in terms of the work, the quality of the work, as well as the productivity of staff.

Senator LANKFORD. Right.

Mr. DODARO [continuing]. And the out-put. We will be looking at those issues. We are doing that within our own agency——

Senator LANKFORD. Right. And we had talked about that before.

Mr. DODARO [continuing]. As well and it is very important. I agree with you. I think it has big benefits from the employees' standpoint. I think it has good benefits from the Government's standpoint if it is managed——

Senator LANKFORD. If——

Mr. DODARO [continuing]. If it is managed properly——

Senator LANKFORD. If——

Mr. DODARO [continuing]. And if you have good metrics. There are conditions on that part of it.

Senator LANKFORD. I have had some conversations with some Federal managers that have said they have very strong high walls that they cannot supervise on telework days and it has made it very difficult to be able to get good metrics. And when I ask supervisors of different agencies how is it going, how is that working, their answer is "We do not know." That is a problem——

Mr. DODARO. Yes.

Senator LANKFORD [continuing]. When we have literally thousands of people that are teleworking, and we do not know if it is working or not. In some agencies, it may be working exceptionally, but just the last several months, IBM, after years of doing telework——

Mr. DODARO. Right.

Senator LANKFORD [continuing]. Decided this is not working and they are pulling people back in——

Mr. DODARO. Right.

Senator LANKFORD [continuing]. And trying to determine that. So, there are some trends going the other way based on effectiveness.

Mr. DODARO. I am dispatching some people in GAO to talk to IBM and Aetna. You have had Yahoo and others. I want to see what the lessons learned, where did it go off the rails. What could be applied to better manage it if we are going to continue in that——

Senator LANKFORD. That is great.

Mr. DODARO [continuing]. Area.

Senator LANKFORD. Senator Murphy.

Senator MURPHY. Thank you, Mr. Chairman.

I think Senator Kennedy's point about constant reevaluation is an important one, but just to rise to the defense of CBO's ability to score on healthcare, here is the bottom line that you were referencing on the ACA score. Initially, CBO said that by 2016, 92 percent of Americans would have insurance, going up from 83 percent. CBO revised that after the Supreme Court decision where it was held that States did not have to accept the Medicaid allowance expansion, revised that number down to 89 percent of Americans having insurance by 2016. That is the number today, 89 percent of Americans have insurance today.

But, to your point, inside that, there were and are differences. There was a belief that there would be a lot more people on the exchanges. There are not as many people on the exchanges as CBO estimated for two reasons: One, many fewer employers dropped coverage than CBO estimated, thus more people stay on their employer coverage; and second, Medicaid expansion actually insured more people, about 4 million more people.

As to cost, you know, ballpark at \$130 billion was the estimate I think by 2016. The number is about \$110 billion, so it is a little bit less, but it is, you know, not well outside of the estimate, so I think it is an important point that we should constantly go back and reevaluate, but those numbers are pretty solid.

POSTPONEMENT OF BIG CHANGES IN MEDICAID

I just have one last question for you, Dr. Hall. Again, in the theoretical world where you are working to score a Republican healthcare proposal that we are going to be voting on in 7 days, one of the points of discussion is a postponement of some very big changes in Medicaid such that the losses you estimated in Medicaid coverage in the House bill would not occur until later in the 10-year window. And, you know, I have no idea what that postponement is. Some people say it will be a 3-year postponement; some people suggested it will be a 7-year postponement.

But to the extent that the Medicaid—the reduction in people enrolled in Medicaid happens outside the 10-year window, will you opine on that subject? Let us say they start the Medicaid changes in year 9, which means that year 10 will not look that bad, but years 11 through 20 will look pretty catastrophic. Would something like that be included in an estimate theoretically?

Dr. HALL. Yes, theoretically. If we know there is going to be a chance outside the window and we have some notion of how big it will be, we will talk about it.

Senator MURPHY. Okay. Thank you.

Senator LANKFORD. Senator Kennedy.

Senator KENNEDY. I just wanted to mention one other thing to the general that I forgot. I read you and your staff's analysis comparing public sector Federal Government employee salaries and benefits to private sector, and it was excellent. I mean, you broke it down. You explained your model. You controlled for a lot of different factors. It was a very reasoned, rational approach, and I wanted to thank you for that, too. I forgot about it. And I hope you

will do that periodically. I learned a lot. As I recall, we are underpaying if you will at the higher-level positions and overpaying at the lower level, and a lot of—to the extent that we are overpaying, that is not meant to be pejorative, but we are paying more for the comparable job. It is in retirement benefits it sounds to me like.

Mr. DODARO. I appreciate your comments, but a point of clarity. I believe that was a CBO report. You know, people mix us up all the time. Sometimes it is for my benefit, sometimes——

Senator KENNEDY. Well, then I——

Mr. DODARO [continuing]. It is not to my benefit——

Senator KENNEDY [continuing]. Direct that to Dr. Hall.

Mr. DODARO [continuing]. But——

Senator KENNEDY. It was an excellent report——

[Laughter.]

Senator KENNEDY [continuing]. And you are an honest American because you could have taken full credit. [Laughter.]

Mr. DODARO. No, I was not going to do that.

Dr. HALL. I was quietly feeling good about it.

Senator KENNEDY. Well, then, let me tell you, Dr. Hall, it was excellent.

Dr. HALL. Well, thank you.

Senator KENNEDY. I learned a lot, and it was very fair. You adjusted for all the different circumstances.

Dr. HALL. Thank you.

Senator LANKFORD. Okay. The two of you look so much alike that it is——

[Laughter.]

CENTER FOR AUDIT EXCELLENCE

Senator LANKFORD [continuing]. Just get you confused all the time.

Let me ask one quick question and see if there are any closing comments on this. Gene, the Center for Excellence was supposed to be self-funded with revenue.

Mr. DODARO. Right.

Senator LANKFORD. That was the theory initially when it began. How is it going so far? You are a couple years into it or a year-and-a-half or so into it. Is the——

Mr. DODARO. Right.

Senator LANKFORD [continuing]. Revenue coming in as you expected to be able to cover expenses?

Mr. DODARO. Yes. The business plan that we called for that was approved by the committees was self-funding after a 5-year period of time. We are in our second year of funding now. Receipts are in excess of the first year. It is looking pretty good, and I hope to get to the self funding point. We have a number of commitments underway. We are negotiating. We have a standing memorandum of understanding now with USAID so they can access our services to provide training to auditors, particularly where the United States is providing foreign assistance, to have those auditors provide greater coverage and flexibility.

We are providing assistance to the country of Georgia through a World Bank arrangement right now to improve their information technology auditing. A number of State and local governments and

local entities are also using our services. We will provide a report to the subcommittee. We had to work through getting arrangements in place. We brought in revenue the first year. This year, I think we are about triple the first year——

Senator LANKFORD. Okay.

Mr. DODARO [continuing]. In revenue.

Senator LANKFORD. So you are on track?

Mr. DODARO. We are on track.

Senator LANKFORD. Okay.

Mr. DODARO. I will know for sure the third and fourth year. If we are not going to be self-sustaining, then we will have to come to a different conclusion. I never meant it to be subsidized to any significant amount. It is yielding a lot of benefits.

Senator LANKFORD. Sure. Yes. At some point, I guess 5, 10 years out, we will be able to audit every country in the world except our own Pentagon. [Laughter.]

Mr. DODARO. I kid the people at GAO sometimes. You know, we changed our name from the General Accounting Office to the Government Accountability Office. Maybe we could be the global.

Senator LANKFORD. Yes, the Global Accountability Office.

Mr. DODARO. Just kidding. [Laughter.]

Senator LANKFORD. Any other quick comments from anyone?

Thank you both for being here. Dr. Hall, this is not to leave Gene out in any way, but you have got a very busy schedule right now and a lot of pressure on you as well. I appreciate you taking the time to both prepare to be here and to be here, and with all that is happening in your schedule, we do appreciate it very much.

ADDITIONAL COMMITTEE QUESTIONS

This does conclude the Legislative Branch Appropriations Subcommittee hearing regarding 2018 funding for the Government Accountability Office, and the Congressional Budget Office. The hearing record will remain open for 7 days, allowing Members to submit statements or questions for the record, which should be sent to the subcommittee by the close of business on Wednesday, June 28th, 2017.

[The following questions were not asked at the hearing, but were submitted to the Departments for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO DR. KEITH HALL

QUESTIONS SUBMITTED BY SENATOR JOHN KENNEDY

Question. How do the original CBO cost estimates compare with the actual budgetary effects of the Medicaid expansion under the Affordable Care Act (ACA) and of the ACA in general?

Answer. In CBO's original cost estimate, which was released in March 2010, the agency projected that spending in 2016 on people made eligible for Medicaid because of the ACA would equal \$68 billion. The amount that was actually spent, CBO now estimates, was \$65 billion. However, in the March 2010 projection, CBO had anticipated that all States would adopt the ACA's expansion of eligibility for Medicaid. In June 2012, the Supreme Court ruled that that expansion was optional for States. CBO's projection in July 2012, which incorporated that ruling, was \$38 billion for 2016—about 60 percent of the currently estimated amount of \$65 billion.

It is difficult to identify the budgetary effects of the ACA in general, because the budgetary effects of many provisions are embedded in the spending for preexisting programs—Medicare, for example—and in broad categories of Federal tax revenues.

But the effects of health insurance subsidies can be more readily identified. In March 2010, CBO and the staff of the Joint Committee on Taxation projected the cost to the Federal Government of premium tax credits and cost-sharing subsidies for health insurance purchased through the health insurance marketplaces established under the ACA. The projected cost was \$77 billion for fiscal year 2016. That projection proved roughly twice as large as the estimated actual amount, about \$36 billion, primarily because the agencies overestimated the number of people who would enroll in the marketplaces.¹

Question. How does the original CBO cost estimate compare with the actual budgetary effect of Medicare's prescription drug insurance program?

Answer. In CBO's original cost estimate, which was released in November 2003, the agency projected that spending in 2013 for the prescription drug benefit known as Part D would equal \$99 billion. That projection proved about twice as high as the actual amount spent in 2013, \$50 billion. A combination of broader trends in the prescription drug market and lower-than-expected enrollment in Part D contributed to that difference.² (This answer focuses on 2013 because CBO's original cost estimate covered the period through 2013.)

QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

Question. In your testimony, you note that the CBO's requested four new analysts for 2018 would work on the "dynamic analysis of certain legislation." How can CBO's dynamic analysis be improved?

Answer. Examining the effects of Federal policy on the economy is called dynamic analysis. In CBO's view, those effects differ in the short term and the long term. In the short term, policy affects the economy primarily by changing the overall demand for goods and services. In the long term, policy affects the economy primarily by changing the incentives to work, save, and invest; by altering the amount of funds available for private investment; and by affecting private-sector productivity.

CBO conducts dynamic analysis with various kinds of macroeconomic models, depending on the policy proposal being examined. The agency considers the latest findings from economics and business research in developing those models, so they reflect the latest thinking among experts in the field. CBO also conducts original research to estimate the economic and budgetary effects of policies for which there are few or no estimates available from other sources.

CBO has proposed adding four new analysts in fiscal year 2018. Of those, one would conduct dynamic analysis. (Of the others, two would analyze healthcare and one would analyze appropriations.) The new analyst would also give CBO more capacity to conduct projects to improve the models. Such projects include the following:

- Research and model development to allow CBO to conduct dynamic analysis of a broader set of policies and to reduce the time needed to respond to Congressional requests;
- Better integration of estimates from different macroeconomic models;
- A more comprehensive analysis of how different kinds of policies affect the economy in the longer term;
- A more detailed specification of how changes in the economy affect the Federal budget;
- A more detailed characterization of the sources of uncertainty underlying CBO's estimates, including uncertainty stemming from the models as well as from broader economic, demographic, and policy considerations;
- A more detailed analysis of the effects of Federal investment (that is, spending on infrastructure, education, and research and development) on private-sector productivity; and
- A modification of CBO's overlapping-generations model to better estimate the effects of changes to social security and Federal health insurance programs on the U.S. economy.³

¹For discussion of the reasons for changes in those estimates since the enactment of the ACA, see Congressional Budget Office, *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2016 to 2026* (March 2016), p. 23, www.cbo.gov/publication/51385.

²For discussion of why the Part D program cost less than anticipated, see Congressional Budget Office, *Competition and the Cost of Medicare's Prescription Drug Program* (July 2014), pp. 5–12, www.cbo.gov/publication/45552.

³An overlapping-generations model focuses on the working, saving, and retirement decisions of households over their life cycles. Because that model explicitly incorporates households' response to changes to future policy and includes households of different ages and in different so-

In addition, CBO is currently working on more comprehensive documentation of its models for dynamic analysis. Better documentation will make the agency's methods more accessible to the Congress, outside experts, and the interested public.

Question. One issue that I am interested in exploring is new ways of dynamic scoring for the child tax credit and paid family leave, both policies with tremendous economic impact not easily identified in scoring models.

There is a wealth of research surrounding the social and economic benefits of the child tax credit: from reduced crime, increased educational achievement, and labor force participation, to changes in birth rates that affect the sustainability of pension and retirement programs. How can we more accurately measure the returns to investment in our children?

Has CBO considered expanding the scope of what research might be acceptable to best capture the costs and benefits of child subsidies?

Answer. CBO has assessed the economic and budgetary effects of changes to some Federal programs that provide benefits to families and children. For instance, in undertaking its macroeconomic analysis of the President's 2017 budget request, CBO assessed the economic and budgetary effects of increasing spending for programs and activities such as Head Start and primary and secondary education.⁴ Such programs, because they provide supervision for children, make it easier for parents to work and can therefore boost parents' earnings in the short run. In the longer run, such programs can also boost earnings by increasing the skills that children bring to the labor force when they become adults. In its analysis, CBO found that most of the economic effects of changes in spending for such programs that would occur within the 10-year budget window would tend to be small and would result from changes in the amount of labor supplied by parents. The economic effects resulting from changes to children's subsequent earnings would probably be larger, but they would occur later and are more uncertain.

Expanding the child tax credit would probably affect people's earnings and the Federal budget through similar channels. Measuring those effects accurately would require understanding how the credit affected parents' earnings in the short run and children's in the longer run. Expanding the credit would probably increase the incentive to work and earn for some parents (mainly lower-income ones, if under the expansion they received a greater amount of money for each \$100 that they earned, up to a maximum) while reducing that incentive for other parents (mainly higher-income ones, if they received a greater reduction in their credit for each \$100 that they earned). Those effects are largely offsetting, however, so expanding the credit probably would not significantly affect parents' earnings in the short run. There is some evidence that the credit improves children's eventual college attendance and boosts their earnings when they become young adults, but most of those effects do not occur within the 10-year budget window.

CBO has studied many mechanisms through which Federal programs that provide benefits to families and children could affect the economy, such as the short-run effects on earnings and labor supply and the long-run effects on education and earnings just mentioned. But there are other ways in which such programs might affect well-being—for instance, by affecting crime, health, or longevity, changes that could have some fiscal impact. CBO may incorporate those effects into its future analysis as more research is published.

Question. One of the important roles that CBO plays for the legislative branch is that of referee: your scores and analysis shape the congressional debate over policy. Due to this influence, the behind-the-scenes assumptions that determine these scores matter a good deal to Congress. And in a time of increasing diversity and decentralization, a more open scoring process may produce better, more accurate outcomes by increasing the number of inputs for a score.

What role does transparency play in CBO scoring?

Have you considered implementing open-source modeling, in which outside analysts could test CBO's assumptions?

What kinds of congressional requirements for CBO would need to be changed in order to ease a transition to a more open-sourced model?

Answer. CBO works hard to make its analyses of legislative proposals transparent. To begin with, CBO's cost estimates go well beyond simply presenting results; instead, the agency explains the basis of its findings so that Members of Con-

cioeconomic groups, it is particularly helpful for analyzing changes to Social Security and Medicare programs.

⁴ Congressional Budget Office, *A Macroeconomic Analysis of the President's 2017 Budget* (June 2016), www.cbo.gov/publication/51625. For additional information, see Congressional Budget Office, "How CBO Analyzes the Economic Effects of Changes in Federal Subsidies for Education and Job Training," *CBO Blog* (May 3, 2017), www.cbo.gov/publication/52361.

gress, their staff, and outside analysts can understand the results and the methods used. CBO has also increased public documentation of its modeling efforts—by publishing more appendixes and background reports, providing details about its analyses for nonexperts, and by publishing more working papers with technical descriptions for experts.

The agency is actively exploring ways to provide additional information about its modeling that would be most useful to the Congress, such as furnishing further public documentation, presenting the sensitivity of budgetary effects to changes in key parameters of policy proposals, and writing accessible source code for computer programs used in analyses. Those tasks require considerable resources; to best allocate those resources, the agency is in the process of assessing which tasks are the most valuable.

CBO will use such a multifaceted approach to enhancing the transparency of its modeling because that modeling—and CBO’s analysis more broadly—is much more than the output of computer programs. It is primarily the identification of the main mechanisms through which proposed legislation would affect the budget; the assessment of which mechanisms would probably have effects important enough to quantify; and the integration of different types of research, on the basis of data from the past, to project responses in individuals’ and institutions’ behavior to changes in those mechanisms. That process generally differs for each estimate so that CBO can make the best use of different types of research to model the effects of a particular legislative proposal. One example is the agency’s analysis of potential changes to premiums in Medicare Advantage. The effects of such a change on people’s decisions to enroll in a private plan through that program—and thus on the Federal budget—would not simply be proportional to the size of the change, so CBO’s modeling differs depending on whether proposed changes are small or large.

Because the overall demand for CBO’s work is high and its resources are constrained, the agency needs to balance requests to explain more about finished analyses with requests for new analyses and with its other responsibilities, such as regularly updating its baseline budget and economic projections. Those demands and constraints, and not any requirements written in law, are the main factors limiting public documentation, reporting of the effects of changes in key parameters, writing accessible computer code, and related activities.

The Role of Transparency. When CBO completes a budget or economic projection, a cost estimate for a public piece of legislation, or another type of analysis, it makes the results of that analysis available to all Members of Congress, their staff, and the public. CBO’s analysts spend a great deal of time meeting with interested Members of Congress and their staff to explain the details that underlie cost estimates. In its blog, CBO also highlights answers to questions that have frequently been raised by Members, sometimes explaining what the limitations of its analyses are and how new data and results from well-designed studies could help the agency better predict the potential effects of legislative proposals.⁵

Even though CBO devotes substantial time and energy to presenting its work as clearly and nontechnically as possible, the pace of Congressional action often requires the agency to produce analyses quickly. So the amount of explanation that can be provided when an estimate or analytic report is released is sometimes limited by the time available.

Information About Models. CBO has made a variety of information available so that outside analysts can examine the basis for its estimates, and the agency intends to make more available in the future. For example, in June, CBO published a paper describing the simulation model that it uses to inform its baseline budget projections for the Pension Benefit Guaranty Corporation’s multiemployer program.⁶ The paper explains the interest rates used, the way stock market returns are simulated, the role of plan-specific parameters, how they are calibrated by means of information from a plan’s filings with the Internal Revenue Service, and so on.

Another complex simulation model is the one that CBO uses to estimate how rates of coverage and sources of health insurance would change if various insurance options underwent alterations in eligibility criteria and subsidies and thus net cost. CBO has described the data underlying that model, which include information about the income, employment, health status, and health insurance coverage of a rep-

⁵For example, see Noelia Duchovny, Eamon Molloy, Lori Housman, and Ellen Werble, “Estimating the Effects of Federal Policies Targeting Obesity: Challenges and Research Needs,” *CBO Blog* (October 26, 2015), www.cbo.gov/publication/50877.

⁶See Wendy Kiska, Jason Levine, and Damien Moore, *Modeling the Costs of the Pension Benefit Guaranty Corporation’s Multiemployer Program*, Working Paper 2017-04 (Congressional Budget Office, June 2017), www.cbo.gov/publication/52749.

representative sample of individuals and families.⁷ The model also incorporates information from the research literature about people's and employers' responsiveness to price changes and about people's responsiveness to changes in eligibility for public coverage. CBO's publications explain how changes in coverage of different types depend on the difference in price between those types. In addition, those publications present the parameter values used to estimate the change in the probability of choosing coverage of a particular type with respect to a percentage change in price.⁸

Most of CBO's cost estimates, however, do not involve simulation models. In those cases, the agency generally describes the building blocks of the estimate. In October 2016, for example, CBO estimated that the Veterans First Act would, among other provisions, authorize the Veterans Administration (VA) to place up to 900 veterans with severe service-connected disabilities in Medical Foster Homes (MFHs). Here is an excerpt from CBO's cost estimate:

CBO estimates that half of the veterans eligible for this program (about 450 individuals) would become residents of MFHs as a result of the bill's enactment. For those veterans, VA would pay for their living expenses, as well as the costs for Home Based Primary Care services. We estimate that those veterans would receive healthcare that would cost \$9,000 per year more than they would receive under current law because providing care in the individual homes is costlier than providing healthcare at VA medical facilities. Including the costs for living expenses at the MFHs of \$39,000 per year, we estimate total costs per new resident of \$48,000 per year. As a result, total costs for new MFH residents would be about \$22 million a year, CBO estimates.⁹

Outside analysts with a different estimate of one component, such as the cost of care in the individual homes, can draw on that explanation to make their own calculations.

How CBO Incorporates Feedback From Outside Analysts. CBO continually seeks feedback about its analytical efforts in order to ensure their effectiveness. For example, the agency has a Panel of Economic Advisers and a Panel of Health Advisers, which consist of experts with a wide variety of backgrounds and specialized knowledge who are selected to represent a range of views. The first of those panels meets twice a year to provide input about CBO's latest economic forecast and other issues, and the second meets annually to discuss key issues affecting the agency's projections and analyses and to examine new research in healthcare and healthcare financing.¹⁰ CBO also regularly consults with those experts and with others for guidance.

Furthermore, CBO's analysts regularly make presentations at conferences and elsewhere to obtain feedback and to answer questions about the agency's analytical methods. For example, CBO has devoted significant effort to developing and enhancing analytical tools for assessing the macroeconomic effects of fiscal policies and the feedback of those effects into the budget. The agency has engaged in dialogue about that effort at meetings of numerous professional associations and at universities (in addition to obtaining input from its Panel of Economic Advisers).¹¹

⁷ See Jared Maeda and Susan Yeh Beyer, "How Does CBO Define and Estimate Health Insurance Coverage for People Under Age 65?" *CBO Blog* (December 20, 2016), www.cbo.gov/publication/52352.

⁸ For additional information, see Congressional Budget Office, "Methods for Analyzing Health Insurance Coverage" (accessed August 1, 2017), www.cbo.gov/topics/health-care/methods-analyzing-health-insurance-coverage.

⁹ See Congressional Budget Office, cost estimate for S. 2921, the Veterans First Act (October 24, 2016), page 17, www.cbo.gov/publication/52133.

¹⁰ For additional information about those meetings, see Congressional Budget Office, "Agendas From Prior Meetings of CBO's Panels of Advisers" (accessed August 1, 2017), www.cbo.gov/about/processes/meeting-agendas.

¹¹ For links to CBO's presentations at those meetings and universities, see Congressional Budget Office, "Dynamic Analysis" (accessed August 1, 2017), www.cbo.gov/taxonomy/term/1632/latest?type=5.

QUESTION SUBMITTED TO HON. GENE L. DODARO

QUESTION SUBMITTED BY SENATOR MARCO RUBIO

Question. Thank you for your work in 2016 that shed light on the emergence of the Zika virus and the need for the public to have access to information and resources on the disease.

GAO's research on funding to combat this terrible disease has been essential in justifying congressional support to the CDC and FDA.

Given continued uncertainty surrounding the total number of infections and full spectrum of outcomes, what efforts should we prioritize to better understand, and thus better fight, the Zika virus?

Answer. Currently available Zika virus prevention methods include various mosquito control methods, guidance on safe sex practices if a person has or is suspected of having Zika virus or has traveled to an area with high rates of local transmission, and guidance for travel to areas affected by Zika virus. Although at present no vaccine has been approved by the Food and Drug Administration (FDA) to prevent Zika virus disease, several vaccines are in different development phases. Because Zika virus disease cannot yet be prevented by drugs or vaccines, mosquito control is critical in mitigating risks associated with this disease.

We have previously described different types of mosquito control methods used in the United States.¹ The Federal Government has a limited role in implementing mosquito control because mosquito control efforts are implemented at the State and local levels. The Federal Government faces a number of challenges in supporting these mosquito control efforts.

In our May 2017 report, we identified four challenges to the Federal Government's efforts to support mosquito control activities: (1) the timing of the availability of funds and sustaining expertise, (2) communication of data about mosquito distribution, (3) linking the effects of mosquito control to disease outcomes, and (4) limited information about mosquito control entities.

We identified several challenges in regards to epidemiology of Zika virus that should be prioritized including determining the total number of infections; the biological mechanisms, risks, reasons for geographic differences, and full spectrum of outcomes associated with maternal-fetal transmission; the presence and duration of the virus in different bodily fluids; the role of prior Zika virus infections or exposure to other related flaviviruses; and the full spectrum of outcomes of Zika virus infection. In addition, Zika virus case counts obtained from the national disease surveillance system underestimate the total number of Zika virus infections over a specified time period.

The causes of this underestimate include: an infected person may not seek medical care for a variety of reasons such as having only mild or no symptoms, an infection may not be diagnosed because of limitations in Zika virus diagnostic testing, and surveillance reporting can be incomplete for a variety of reasons. CDC, the Counsel of State and Territorial Epidemiologists (CSTE), and State and local public health agencies faced several challenges in implementing surveillance for Zika virus and its associated health outcomes. Efforts that should be prioritized to better understand Zika virus surveillance include establishing early case definitions, timely communication of critical information, and interoperability between surveillance databases. We identified key challenges to Zika virus epidemiological research: study designs needed for establishing association and causality challenged linking Zika virus and associated health outcomes, and insufficient data and lack of developed models challenged prediction of the spread of the virus. Efforts to overcome these challenges should be prioritized.

Zika virus diagnostic tests varied in their ability to detect the Zika virus and provide accurate results. In developing the diagnostic tests, manufacturers faced challenges in several areas that should be prioritized, including access to clinical samples and other authorized diagnostic tests for comparison purposes. Users of the tests also encountered challenges, including determining the most accurate test to use, and obtaining equipment needed to conduct the tests. Some manufacturers we interviewed raised concerns about the difficulty in developing diagnostic tests that met the Food and Drug Administration's (FDA) requirements for Emergency Use Authorization and some users expressed concerns about selecting tests amongst those authorized.

¹GAO, *Emerging Infectious Diseases: Actions Needed to Address the Challenges of Responding to Zika Virus Disease Outbreaks*, GAO-17-445 (Washington, DC: May 23, 2017); *Emerging Infectious Diseases: Preliminary Observations on the Zika virus outbreak*, GAO-16-470T (Washington, DC: March 2, 2017).

We also determined that CDC and FDA did not follow some of their guidance in communicating with users of diagnostic tests, including providing clear information that would have enabled users to more easily compare performance across different tests.

Our May 2017 report made several recommendations to the Department of Health and Human Services (HHS) to ensure that information about different diagnostic tests is more readily comparable and available, establish a transparent process for CDC to provide diagnostic tests to manufacturers in the final stages of diagnostic test authorization, and provide additional details to better inform mosquito control experts and the general public.² Currently, these recommendations are still open and the department stated it is in the process of addressing these recommendations.

The Zika supplemental appropriation funds provided for in the Zika Response and Preparedness Appropriations Act, 2016 (Public Law No. 114–223, div. B) must be obligated by the end of the fiscal year 2017 (i.e., September 30, 2017). The Act also includes a provision that GAO conduct oversight of the activities supported with funds appropriated by the Act, which we have begun.

SUBCOMMITTEE RECESS

The next hearing of this subcommittee will be held on Thursday, June 29, at 10:15 a.m., Dirksen room 124. We will hear testimony from Capitol Police and the Senate sergeant-at-arms. It is the rescheduled meeting that Senator Murphy had talked about before for their fiscal year 2018 budget request. Immediately following that public hearing, which will be fairly short, it will be followed by a closed session to evaluate security needs for those same two agencies. Until then, this committee stands adjourned.

[Whereupon, at 4:19 p.m., Wednesday, June 21, the subcommittee was recessed, to reconvene at 10:15 a.m., Thursday, June 29.]

² GAO, *Emerging Infectious Diseases: Actions Needed to Address the Challenges of Responding to Zika Virus Disease Outbreaks*, GAO–17–445 (Washington, DC: May 23, 2017).

APPENDIX

SUBMITTED BY DR. KEITH HALL
DIRECTOR, CONGRESSIONAL BUDGET OFFICE



Congressional Budget Office

Testimony

CBO's Appropriation Request for Fiscal Year 2018

Keith Hall
Director

Before the
Subcommittee on the Legislative Branch
Committee on Appropriations
U.S. Senate

June 21, 2017

*This document is embargoed until it is delivered at 3:00 p.m. (EDT) on
Wednesday, June 21, 2017. The contents may not be published, transmitted, or
otherwise communicated by any print, broadcast, or electronic media before that
time.*

Chairman Lankford, Ranking Member Murphy, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request. CBO is asking for appropriations of \$49.9 million for fiscal year 2018. That amount represents an increase of \$3.4 million, or 7.4 percent, from the \$46.5 million provided to CBO for 2017. Of the total amount, nearly 90 percent would be used for personnel costs.

Reasons for the Requested Increase in Funding

There are three reasons for requesting an increase. CBO must move its data center; the other costs of maintaining existing operations will be higher next year; and the agency proposes to expand its analytical capacity.

Moving the Data Center

CBO will need to spend \$1.1 million in 2018 because of an unusual expense. The agency's primary data center currently resides in the House of Representatives' data center on the sixth floor of the Ford House Office Building. Because House Information Resources has decided to repurpose that facility, CBO must remove its information technology (IT) equipment by March 2018. The Congress's off-site Alternate Computing Facility, which is currently CBO's backup data center, will become the agency's primary data center, and the agency will establish a new backup center at a different location.

The move is projected to result in a onetime expenditure of \$1.1 million (and in recurring lease and maintenance costs in later years). About \$0.2 million of the onetime cost will be incurred in fiscal year 2017, delaying other important IT projects. In 2018, a cost of \$0.9 million will be incurred for moving the data center, as will a cost of \$0.2 million for the delayed projects. If CBO does not receive funding for the relocation, the agency will be forced to pay for it by cutting back on the size of its staff and providing less information and analysis to the Congress.

Maintaining Other Existing Operations

CBO requests an increase of \$1.5 million to fund existing operations in 2018. That amount includes \$1.1 million for increases in personnel expenses, which would result from a small increase in employees' average salary and a rise in the cost of benefits. An additional \$0.4 million would be used to fund nonpersonnel expenses,

mainly the upgrade of several cybersecurity systems that are vital to the agency's mission but nearing the end of their life cycle and the renewal of long-term maintenance support for other major cybersecurity systems. As with the previous item, if funding is not provided, CBO will need to shrink its staff and provide less information and analysis to the Congress.

Expanding Analytical Capacity

CBO proposes to add four new analysts in 2018 and to create additional on-site capacity to use sensitive data securely. The total cost of those additions would be \$0.8 million.

Adding four full-time-equivalent positions (FTEs) would cost \$0.5 million for salary and benefits. The additional FTEs would be devoted to health care analysis, scorekeeping for appropriation bills, and analyzing the economic effects of federal tax and spending policies (work that would include the dynamic analysis of certain legislation, which is required by a recent budget resolution). Congressional interest remains high in modifying or replacing the Affordable Care Act and changing Medicare or Medicaid. CBO is also anticipating a larger workload associated with appropriations and is aiming to respond to requests for information more quickly. And CBO expects to further develop its capacity to conduct dynamic analysis in the coming year.

About \$0.3 million would fund expansions of on-site capacity to securely use sensitive data, such as data from the Internal Revenue Service, the Social Security Administration, and other agencies. That capacity would help CBO meet growing demand from the Congress for analysis that draws on such data to understand changes in earnings, marriage, mortality, and other factors affecting benefits, tax revenues, and other parts of the federal budget. The additional resources would make access to such data speedier and more consistent, increasing the quality and timeliness of CBO's work.

CBO's Budget Request and Its Consequences for Staffing and Output

In fiscal year 2018, CBO will continue its mission of providing objective, insightful, timely, and clearly presented budgetary and economic information to the Congress. The \$49.9 million in funding that CBO requests would be used for personnel costs (that is, salaries and benefits), IT, and other costs, such as training.

Funding Request for Personnel Costs and Consequences for Staffing

CBO requests \$44.3 million for salary and benefits, which equals 89 percent of its funding request. Those funds would support 241 FTEs. The requested amount represents an increase of \$1.6 million, or 4 percent. Of the total requested amount:

- \$33.0 million would cover salaries for personnel—an increase of \$1.4 million, or 5 percent, from the amount that will be spent in fiscal year 2017. The increase would cover \$0.4 million in pay for four additional analysts, as well as performance-based salary increases for current staff and an across-the-board increase of 2.4 percent for employees earning less than \$100,000 (if such an increase is authorized for executive branch agencies).
- \$11.4 million would fund benefits for personnel—an increase of \$0.2 million, or 2 percent, from the amount projected to be spent in 2017. The increase would cover a boost in the cost of federal benefits, as well as benefits for the four additional analysts.

Funding Request for Nonpersonnel Costs

CBO requests \$5.6 million for costs other than personnel, which equals 11 percent of its funding request. Those funds would cover current IT operations—such as software and hardware maintenance, software development, commercial data purchases, communications, and equipment purchases—and would pay for travel, training, interagency agreements, facilities support, printing and editorial support, expert consultants, financial management auditing support, and subscriptions to library services. The requested amount represents an increase of \$1.8 million, or 47 percent.

Of the increase, \$1.1 million would fund two non-recurring IT costs:

- Required relocation of CBO's data center (\$908,500) and
- IT cybersecurity projects that are expected to be delayed because of the 2017 costs of that relocation (\$200,000).

An additional \$0.7 million of the increase would allow CBO to fund:

- The upgrade of several cybersecurity systems that are vital to the agency's mission and the renewal of long-term maintenance support for other major cybersecurity systems (\$385,000, a small portion of which results from price increases for current IT contracts) and

- The costs of creating additional on-site capacity to use sensitive data securely (\$315,000).

Consequences for Output

The requested amount of funding would allow CBO to provide the following estimates and other analyses to the Congress:

- More than 600 formal cost estimates, most of which will include not only estimates of federal costs but also assessments of the cost of mandates imposed on state, local, and tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is very high as committees seek a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- More than 100 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process, as well as summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis;
- About 60 analytic reports and papers—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—about the outlook for the budget and the economy, major issues affecting that outlook under current law, the budgetary effects of policy proposals that could change the outlook, and a broad range of related budget and economic topics in such areas as defense policy, infrastructure, and energy policy;
- Numerous files of data documenting detailed 10-year baseline budget projections, 10-year economic projections, long-term budget projections (spanning 30 years), and other information underlying analytic reports—all of them posted on CBO's website; and

O Descriptions of policy options that would reduce budget deficits and publications that increase the transparency of CBO's work and communicate about that work graphically.

Despite high productivity by a dedicated staff, CBO expects that the anticipated volume of estimates and other analyses will fall considerably short of the number of Congressional requests. The demands on the agency remain intense. For example, the workload associated with the analysis of appropriations has risen; the Congress remains acutely interested in analyses of the Affordable Care Act and numerous proposals for further changes in federal health care programs; and the now-required dynamic analyses of how certain legislative proposals would affect the economy and how those economic effects would, in turn, affect the federal budget require complex modeling. Other issues arise frequently and create a heavy demand for analysis: Over the past year, for example, CBO analyzed legislation related to the privatization of the air traffic control system, sentencing reform, trade facilitation and the enforcement of certain trade laws, child nutrition programs, child welfare programs, and Puerto Rico's debt crisis. Analyzing the possibilities and proposals has strained the agency's resources in many areas. CBO regularly consults with committees and Congressional leadership to ensure that its resources are focused on the work that is of highest priority to the Congress.

In closing, I would like to thank the Committee for its long-standing support of CBO. That support has allowed CBO to provide budgetary and economic analysis that is timely, thoughtful, and nonpartisan as the Congress addresses issues of critical importance.

This testimony summarizes information in CBO's budget request for fiscal year 2018, which was written by Leigh Angres, Theresa Gullo, Deborah Kilroe, Cierra Liles, Terry Owens, Stephanie Ruiz, and Mark Smith, with guidance from Joseph E. Evans, Jr.

The testimony was reviewed by Mark Hadley, Jeffrey Kling, and Robert Sunshine. Benjamin Plotinsky edited the testimony, and Jorge Salazar prepared it for publication. An electronic version is available on CBO's website at www.cbo.gov/publication/52785.



Keith Hall
Director
June 2017



SUBMITTED BY HON. GENE L. DODARO
COMPTROLLER GENERAL OF THE UNITED STATES



United States Government Accountability Office

Testimony
Before the Subcommittee on the
Legislative Branch, Committee on
Appropriations, U.S. Senate

For Release on Delivery
Expected at 3:00 p.m. ET
Wednesday, June 21, 2017

FISCAL YEAR 2018 BUDGET REQUEST

U.S. Government Accountability Office

Statement of Gene L. Dodaro, Comptroller General of the
United States

GAO Highlights

Highlights of GAO-17-604T, a testimony before the Subcommittee on the Legislative Branch, Committee on Appropriations, U. S. Senate

Background

GAO's mission is to support Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We provide nonpartisan, objective, and reliable information to Congress, federal agencies, and to the public, and recommend improvements across the full breadth and scope of the federal government's responsibilities.

GAO responded to requests from 95 percent of the standing full committees of the Congress in fiscal year 2016. GAO issued 697 reports, 2,071 new recommendations, and testified before congressional committees 119 times. Congress used our work extensively to inform its decisions on key fiscal year 2016 and 2017 legislation. Since fiscal year 2002, GAO's work has resulted in:

- over \$750 billion dollars in financial benefits; and
- about 19,200 program and operational benefits that helped

to change laws, improve public services, and promote sound management throughout government.

GAO remains an employer of choice in the public sector. The Partnership for Public Service announced that GAO is one of the top places to work in the federal government. We improved our scores in 2016, rising to second place among mid-size agencies. We are ranked first for diversity and inclusion.

View GAO-17-604T. For more information, contact Gene L. Dodaro at (202) 512-5500 or dodaro@gao.gov.

June 2017

FISCAL YEAR 2018 BUDGET REQUEST

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

In fiscal year 2016 GAO's work resulted in a return of \$112 for every dollar invested in GAO, generating over \$63 billion in financial benefits to the federal government. Implementation of GAO's recommendations led to 1,234 program and operational improvements across the federal government including many important contributions to enacted budget, appropriations and authorization legislation. GAO reports contained more than 2,000 recommendations across a vast array of areas to foster government efficiency, effectiveness, and responsiveness on high priority challenges facing Congress and the nation.

Congress used GAO's work to improve agency operations and generate billions in savings. These will result in improved program efficiencies and services through implementation of GAO's recommendations, including such areas as DOD acquisitions and financial management, services to veterans, management of IT systems, and fraud detection.

GAO also continues to draw attention to issues facing Congress and the nation by producing regular updates based on our bodies of work. In February 2017 we issued our biennial high risk report updating Congress on progress made on the 32 areas identified in 2015 and added 3 new areas: (1) Improving Federal Programs that Serve Tribes and their Members; (2) the 2020 Decennial Census; and (3) U.S. Government Environmental Liabilities. In April we issued our seventh annual report on fragmentation, overlap and duplication among federal programs and opportunities to reduce government operations costs or enhance revenues. It identified 79 new actions that Congress and executive branch agencies can take to improve government efficiency and effectiveness. Progress in addressing the 645 actions identified in the six previous years resulted in roughly \$136 billion in financial benefits.

GAO is requesting a fiscal year 2018 appropriation of \$618.2 million to continue to address congressional priorities, and fulfill our mission. This will support a staffing level of 3,100 full-time equivalents (FTE). We expect to offset our funding needs with \$27.5 million in reimbursements from program and financial audits, as well as rental income, resulting in a net appropriation request of \$590.7 million.

In planning fiscal year 2018 resources, GAO recognized several key areas that merit increased attention as additional staffing is made available. Focus in these areas will provide long term benefits to the nation. They include identifying strategies and actions agencies can take to reduce a growing amount, now over \$140 billion annually, of improper government payments; finding ways to close the yawning tax gap of over \$400 billion dollars annually between taxes owed to the government and total taxes paid; and helping the Congress determine policy implications of increasingly complex and rapidly evolving development of science and technology.

Chairman Lankford, Ranking Member Murphy, and Members of the Subcommittee:

On behalf of the U.S. Government Accountability Office (GAO), thank you for the opportunity to discuss our fiscal year 2018 budget request. I also appreciate the confidence this subcommittee has shown in GAO by supporting our efforts to serve Congress and improve government performance, accountability, and transparency.

Since 2014, Congress has provided funding that has resulted in GAO's work achieving \$192.5 billion in financial benefits and 3,808 other improvements in government programs and operations. GAO also provided 357 testimonies to dozens of Congressional Committees over this time period. Even with this record of success, much work remains to be done to improve government performance and accountability and help Congress address its highest priorities. Our fiscal year 2018 budget submission was formulated keeping in mind the constrained budget environment in which the government operates.

GAO's fiscal year 2018 budget requests \$618.2 million in appropriated funds to enable GAO to bolster our staff capacity to better serve the Congress. With a return of \$112 for every dollar invested in GAO in fiscal year 2016, GAO is an exceptional investment. Last fiscal year alone, our work generated over \$63 billion in financial benefits and 1,234 program and operational improvements across government.

Our fiscal year 2018 budget request is focused on maintaining sufficient staff so that GAO will be better positioned to help Congress meet its oversight responsibilities. The funding requested will also enable us to make critical information technology investments that improve our productivity and work product.

**Priority Areas for
Resource
Enhancement at GAO**

While GAO always responds to the oversight and legislative priorities of the Congress, in fiscal year 2018 we would also propose to focus additional resources on certain areas as staffing is made available, including:

Growing Amounts of Improper Payments – Payments that should not have been made or that were made in an incorrect amount are a growing government-wide issue. Since fiscal year 2003, when certain agencies were required by statute to begin reporting improper payments, cumulative improper payment estimates have totaled over \$1.2 trillion. The improper payments annual estimate in fiscal year 2016, attributable

to 112 programs across 22 agencies, was over \$144 billion, up from almost \$137 billion in fiscal year 2015 and almost \$125 billion in fiscal year 2014.

Three large programs, Medicare, Medicaid, and the Earned Income Tax Credit, account for over 78 percent of the fiscal year 2016 government-wide improper payment estimate. Federal spending for Medicare and Medicaid is expected to increase significantly, so it is especially critical to take appropriate measures to reduce improper payments in these programs.

In fiscal year 2016, 14 federal programs had improper payment estimates greater than \$1 billion. Eleven programs had payment error rates that exceeded 10 percent. To address the issue of improper payments, agencies should first identify the root causes of improper payments and then implement internal controls aimed at both prevention and detection.

The government's ability to understand the scope of the issue is hindered by incomplete, unreliable, or understated estimates; risk assessments that may not be accurate; and noncompliance with criteria listed in federal law. For example, 18 federal programs determined to be at risk for improper payments did not report estimates of improper payments in fiscal year 2016.

In addition, DOD lacks quality assurance procedures to ensure the completeness and accuracy of its estimates. Further, various Inspectors General reported deficiencies related to compliance with the criteria listed in the Improper Payments Elimination and Recovery Act of 2010 for fiscal year 2015 at their respective federal entities.

Our work identifies a number of strategies and specific actions agencies can take to reduce improper payments, which could yield significant savings and help better ensure that taxpayer funds are adequately safeguarded.

Yawning Tax Gap – According to the 2016 Financial Report, the estimated size of the annual gross tax gap between taxes owed to the government and total taxes paid on time is \$458 billion. The tax gap arises when taxpayers, whether intentionally or inadvertently, fail to (1) accurately report tax liabilities on tax returns (underreporting); (2) pay taxes due from filed returns (underpayment); or (3) file a required tax return altogether or on time (nonfiling). Underreporting accounted for 84 percent of the tax gap across tax years 2008 to 2010.

This resulted in an annual net tax gap of \$406 billion. Given the size of the tax gap, increased attention to this area would yield significant financial benefits and help improve the government's fiscal position.

Addressing the tax gap requires strategies on multiple fronts. Key factors that contribute to the tax gap include limited third party reporting and tax code complexity. For example, the extent to which individual taxpayers accurately report their income is correlated with the extent to which the income is reported to them and the IRS by third parties.

Our work identifies a number of strategies and specific actions Congress and agencies can take to reduce the tax gap, including simplifying the tax code. Additional resources would enable us to expand our work in finding ways to further close the tax gap, thus improving the government's financial position.

Science and Technology – Science and technology developments influence almost every aspect of the American experience; they present great opportunities to improve the quality of life, the performance of the economy and the government, and the relationship of the government to its population. While information technology is a major technological force of this era, linking individuals, organizations, and economies around the world, other kinds of scientific and technological advances are also creating significant changes.

The increased development and use of new technologies challenge the government's and the Congress's ability to evaluate their potential and assess their program and policy implications in areas such as security, safety, privacy, and equity.

In fiscal year 2016 we reported on Zika virus as an emerging infectious disease, the continued need for effective oversight of high-containment laboratories, the status of bio forensic capabilities in the law enforcement and homeland security communities, the emergence of data analytics and its overall impact on society and the economy, and how municipalities can use technology to improve the efficiency of their water distribution systems and tap nontraditional sources to address water scarcity, among others.

GAO has already issued two best practice guides, addressing capital acquisitions in the areas of lifecycle cost estimates and project scheduling. These best practice products are designed to assist federal managers in addressing major projects, and they also serve as a means by which GAO can evaluate such projects. Adding to these initial efforts,

GAO's science and technology group issued a third best practice guide, this one addressing technology readiness assessment.

We expect this most recent work will be a means by which program managers can identify technologies and manage their risks throughout the development of technology-dependent projects. Given the persistent and growing demand for this technical work, GAO strives to continue to build our staff capacity in this growing area.

Additional resources would enable us to expand our work including the completion of key strategic technology reports on the Internet of Things, sustainable chemistry, rapid point-of-care medical diagnostics for detecting infectious diseases (e.g., Ebola), artificial intelligence systems, electromagnetic pulse threat mitigation technologies, oversight of biosafety labs, nuclear waste immobilization technologies, and emerging infectious diseases.

Based on interest expressed by various Committees of jurisdiction, potential future science and technology work could focus on antibiotic-resistant bacteria, freshwater conservation technologies for the agricultural sector, block chain technologies (financial technology), unmanned aerial systems, high-frequency trading technologies, and regenerative medicine, among others.

Information Technology Improvements

In fiscal year 2017, GAO requested funding to continue investments to enhance our management information systems, IT infrastructure and security, as well as our telecommunications capabilities. Fiscal year 2018 funding will seek to continue these efforts as well as make additional improvements in these areas. For fiscal year 2018 GAO is requesting funding needed to continue our efforts to improve and modernize GAO's technology infrastructure and services.

Over the past few years GAO has undertaken the Engagement Management System (EMS) and New Blue initiatives to better leverage technology. These new systems will enhance our core business processes and enable GAO products to be created and distributed in the most efficient manner using currently supported technology.

GAO developed and deployed EMS to help manage the work throughout the agency. This new system has been rolled out across the agency and has allowed us to retire multiple legacy applications. New Blue will enable the end-to-end processing of GAO products from drafting through issuance to the Congress and posting on GAO's web site. New Blue will

allow GAO to keep pace with the evolving methods of demand and consumption of information from our clients and stakeholders by supporting multiple formats and product types. Both EMS and New Blue have been planned and are being executed to ensure the quality and reliability of GAO products continues to be met at the highest levels allowing greater efficiency and flexibility in best supporting Congressional needs.

With funding requested for 2018, GAO will be able to meet key demands for technology upgrades, including:

- GAO needs funding to upgrade its data center and the infrastructure that supports GAO operations. GAO's data center requires 24/7 operational availability to adequately support staff located in headquarters and GAO's 11 field locations throughout the United States. GAO needs to improve data management operations and security to ensure adequate support and meet ongoing needs. As such, in fiscal year 2018, we will assess options to upgrade the equipment supporting the center to provide a modern computing environment, which could reduce costs and enhance security, capacity, and availability. We expect to initiate replacement of the equipment and support beginning in fiscal year 2018.
- GAO is looking to make strategic investments into cloud-based solutions to maximize efficiency, improve the security of our data and our ability to best combat cyber threats to our infrastructure, and position us to leverage technology opportunities in the future.
- Funding is also being sought to retire our aging telephone and video teleconferencing infrastructures and replace them with a state of the art communications platform. Given that collaboration is so vital to our mission, we are looking to invest in new technologies that will improve how our staff works and communicates when doing our work across geographic locations.
- Another key priority in fiscal year 2018 is our effort to replace our aging document management solution with a modern content management solution. A new solution will improve our capabilities to store and re-use the information and content we produce in support of core Agency work processes and products. A modern content management solution will enable GAO to more effectively and efficiently serve Congress and the American Public by providing new workflow management capabilities.

Cumulatively these technology improvements will help the GAO workforce deliver its analysis to the Congress in the most robust and

modern manner and consistent with currently supported technology standards. We are consistently looking to improve our technology platforms to take advantage of technology advances that best enable GAO to deliver value to our clients while seeking cost saving opportunities. We sincerely appreciate the Committee's support to date and look forward to your support in fiscal year 2018 and beyond.

GAO's Current Environment

GAO operated at the Continuing Resolution (CR) level through the beginning of May. This had a significant impact on human resource and operations. We deferred or reduced staffing and curtailed spending on technology investments that are critical to our efforts to modernize GAO's infrastructure and business processes.

The fiscal year 2017 funding provided in the Omnibus will afford us an opportunity to address many of the staffing and operations challenges presented during the Continuing Resolution period.

The fiscal year 2018 budget request would enable GAO to bolster its staff capacity to 3,100 FTEs through a targeted recruitment program to help address succession planning and fill critical skill gaps. This funding level will also help ensure that GAO is able to recruit and retain a talented and diverse workforce as well as make progress towards an optimal staffing level of 3,250 FTEs.

We expect to offset our funding needs with \$27.5 million in reimbursements from program and financial audits and rental income, resulting in a net appropriation request of \$590.7 million.

Assisting Congress in Shaping Legislation

GAO continues to be recognized for its non-partisan, objective, fact-based, and professional analyses across the full breadth and scope of the federal government's responsibilities and the extensive interests of Congress. In fiscal year 2016, and to date in fiscal year 2017, Congress used GAO's work as the basis for a wide range of significant legislative decisions.

The Consolidated Appropriations Act, 2017 – in many cases requires an agency to take action based on GAO findings and recommendations. For example, the act requires:

- Census to address shortcomings in its cost estimate, identified by GAO, for the 2020 Census;

-
- federal agencies to resolve duplication in programs identified by GAO, by identifying substantive challenges, legal barriers, and by making legislative recommendations;
 - IRS to develop a customer service plan with specific goals, strategies and, resources; GAO recommended that IRS assess gaps between desired and actual customer service performance;
 - GSA to improve its ability to account for federal property and its value; the management of federal real property has been on GAO's high risk list since 2015;
 - Labor to finalize and implement regulations related to the Workforce Innovation and Opportunity Act; GAO found that limited guidance and regulations slowed the act's implementation; and
 - Defense to
 - produce information clarifying the content, scope, and phasing of developments, and capabilities of Joint Strike Fighter components; GAO found current management of follow-on development potentially posed greater costs and schedule risk;
 - report on the cost, schedule, and obligations of the Defense Healthcare Systems Modernization program.

The act also cited GAO work on deficiencies in agencies' information technology systems and directed agencies to implement those recommendations. Among those agencies included were the Farm Service Agency, the IRS, Housing and Urban Development, and the Federal Emergency Management Agency.

The Act also directed agencies to implement other GAO recommendations. For example, the act directs:

- Customs and Border Patrol to document the time unaccompanied children spend in custody, the care afforded them, and to develop a way to register, track and analyze complaints for trends.

In other cases, the Act required an agency to report on its progress implementing a GAO recommendation. For example, the act requires progress reports on the following:

- the State Department's efforts to utilize cost containment, risk assessment, and strategic planning for overseas facilities, such as embassies; and establish performance goals for programs meant to reduce global poverty and to collaborate with similar US programs; and

-
- Interior's actions to ensure the Bureau of Indian Education schools and facilities have effective management controls and comply with federal laws and regulations.

Finally, the act included reductions to budget requests, including to the Department of Defense's (DOD) fiscal year 2017 appropriations based on GAO work. For example, GAO found that DOD had overstated its fiscal year 2017 O&M budget request for fuel, resulting in \$1.1 billion in reductions.

The FY 2017 Military Construction and Veterans Affairs, and Related Agencies Appropriations Act – requires Veteran Affairs (VA) to clarify access and wait times for mental health services and how it manages appointments for these services. GAO found that the Veterans Health Administration calculations of veteran mental health wait times may not have always reflected the overall amount of time a veteran waited for care.

The Bipartisan Budget Act of 2015 – the Congress used GAO's work to contribute to an agreement on spending caps in fiscal years 2016 and 2017 by identifying \$30 billion in offsets or revenue enhancements, including (1) making new provider-based off-campus hospital outpatient departments ineligible for inpatient reimbursements, saving \$9.3 billion; (2) streamlining and simplifying audit procedures for certain partnerships, increasing tax revenue by an estimated \$9.3 billion; and (3) requiring agencies to increase civil monetary penalties annually reflecting the consumer price index, generating \$1.3 billion.

The National Defense Authorization Act for Fiscal Year 2017 – undertakes significant reform of military acquisition policy. Specifically, the Act requires DOD to improve reporting about the volume and types of defense services acquired, control costs, enhance access to supply chains, and take steps to reduce acquisition risks and encourage the development of new prototypes.

- These changes reflect GAO's body of work on military acquisition that concluded, among other things, that senior DOD leadership needed to be better positioned to make informed decisions about acquisition. Changing approaches to acquisition could result in significant savings. In addition, access to innovative technology could be improved.
- In addition to reforming acquisition, the Act requires DOD to report on rebuilding military readiness, specifically comprehensive readiness goals, implementation strategies, progress metrics, and related costs and other best practices. These requirements reflect GAO's finding

that the lack of a comprehensive plan put DOD's readiness rebuilding efforts at risk.

- The Act did not fund the request for \$15,260,000 in funding to create a repository for defense nuclear waste, based on GAO's finding that DOE's cost estimates for its repository plan excluded billions of dollars in likely costs.
- Separately, the Act directs federal agencies to use paid administrative leave more judiciously, so leave does not exceed reasonable amounts. GAO had reported that federal agencies had inconsistent policies for the use and reporting of paid administrative leave and that 263 federal employees had used 1 to 3 years of leave during a 3 year period.

The Fraud Reduction and Data Analytics Act of 2015 – requires the Office of Management and Budget (OMB) to establish guidelines based on GAO's 2015 Framework for Managing Fraud Risks in Federal Programs to help prevent and respond to fraud and improper payments in federal programs.

The Framework identifies leading practices to help managers combat fraud and preserve integrity in government agencies and programs. The act should help agencies reduce their vulnerability to fraud by encouraging them to identify risks and vulnerabilities; implement financial and administrative controls; and by requiring transparency through reporting on these efforts.

The Frank R. Lautenberg Chemical Safety for the 21st Century Act – GAO has had "Transforming EPA's Process for Assessing and Controlling Toxic Chemicals" on our high-risk list since 2009 because EPA had not developed sufficient chemical assessment information to limit exposure to many chemicals that may pose substantial health risks. This act provides EPA with greater authority to address chemical risks.

Program Management Improvement Accountability Act – The act seeks to improve program and project management in federal agencies. Among other things, the act requires the Deputy Director of the Office of Management and Budget (OMB) to adopt and oversee implementation of government-wide standards, policies, and guidelines for program and project management in executive agencies.

The act elevates agencies' attention to GAO's high risk list by requiring the Deputy Director to address programs on our High-Risk List through portfolio reviews; creating an interagency forum to review programs on

the High-Risk List and make recommendations to the Deputy Director or designee; and having GAO review the effectiveness of key efforts under the act.

The No Veterans Crisis Line Call Should Go Unanswered Act – requires Veterans Affairs to ensure that each telephone call, text message, or other communication that their crisis line receives is answered in a timely manner by a person. GAO found that VA did not meet its call response time goals for the Veterans Crisis Line and that some test text messages did not receive responses.

Financial Benefits to the Federal Government from GAO's Work

GAO's findings and recommendations produce measurable financial benefits for the federal government. Examples include financial benefits resulting from changes in business operations and activities, the restructuring of federal programs, or modifications to entitlements, taxes, or user fees.

In fiscal year 2016, we exceeded our target of \$50.0 billion in financial benefits by \$13.4 billion, reaching \$63.4 billion in benefits for the government. This is a return of about \$112 for every dollar invested in us. Key financial benefits arising from our work included:

- reducing improper payments in the Medicare Advantage Program (about \$21.4 billion);
- increasing the use of strategic sourcing by the VA to reduce procurement costs (about \$3.6 billion); and
- improving cost estimates for the DOD's Bulk Fuel Operation and Maintenance budget (about \$2.3 billion).

Program Benefits

Many other benefits resulting from our work cannot be measured in dollars, but lead to program and operational improvements. In fiscal year 2016, agencies and Congress implemented 1,234 of these other benefits. For example, our work on public safety and security:

- prompted DOT to enhance its oversight of roadside safety hardware (e.g., guardrails), including a new process to verify third-party crash-test results;
- led the Consumer Financial Protection Bureau (CFPB) to issue a comprehensive data privacy protection plan and develop procedures to mitigate privacy risks and remove personally identifiable information from the consumer data that it collects;

-
- induced the Army to complete a mission risk assessment on planned support unit force reductions, and assess options to minimize such risks;
 - prompted the Federal Bureau of Investigation to (1) conduct audits to ensure that staff who submit face image searches comply with privacy laws and (2) undertake an operational review of its face recognition technology to see if it is meeting law enforcement user needs; and
 - led the Department of State to enhance its management of transportation-related security risks to better protect U.S. diplomatic personnel and their families when posted overseas.

Similarly, our work related to vulnerable populations:

- addressed protection of children including: identifying (1) safety and health issues at Indian school facilities and the need for better federal coordination to assist K-12 schools with emergency preparedness, (2) the need for better use of data to help agencies identify disparities in K-12 education, and (3) the importance of further assisting states to keep foster children in family based care;
- prompted the Federal Trade Commission and CFPB to issue consumer advisories to reduce the exploitation of vulnerable people regarding pension advances;
- prompted VA to improve the accuracy of the data collected on veteran suicides across its medical centers to better inform suicide prevention efforts; and
- led the Department of Education to enhance assistance for homeless youth in planning for college, navigating the admissions process, and applying for federal student aid.

Testimonies and Digital Media

In fiscal year 2016 senior GAO officials testified 119 times before 69 separate committees or subcommittees on issues that touched virtually all major federal agencies.

We also engaged key stakeholders on social and digital media. Our testimonies, reports, and legal decisions appeared in nearly 40,000 twitter feeds. Watch Blog, which provides context about our work, has been viewed more than 165,000 times. Table 1 shows examples of topics we testified on in fiscal year 2016, by strategic goal.

Table 1: Selected GAO fiscal year 2016 Testimonies

Goal 1: Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

• Addressing Improper Payments in the Supplemental Nutrition Assistance Program	• Safeguarding Transport of Spent Nuclear Fuel
• Improving Oversight of the Small Business Administration's HUB Zone Program	• US Postal Service Management Challenges
• Timely Handling of Veterans' Health Care Claims	• Overseeing the Nuclear Security Enterprise
• Controls for Preventing Human Trafficking	• Commercial Space Industry Developments and FAA Challenges
• Reforming Regulation of Scientific Research	• Improving Medicaid's Allocation to States
• Ensuring Safety and Health at Indian Schools	• Managing and Leasing Federal Real Property
• Managing Federal Agencies' Vehicle Fleets	

Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence

- | | |
|--|--|
| • Addressing NASA's Management Challenges for Major Acquisition Projects | • Improving DOD's Whistleblower Protections |
| • Meeting Pilot Workforce Needs for Unmanned Aerial Systems | • Implementing SEC's Conflict Minerals Rule |
| • Addressing Acquisition Shortfalls with the Ford Class Aircraft Carrier | • Combatting Nuclear Smuggling |
| • Reducing Migration of Unaccompanied Children from Central America | • Addressing IT Security and Identity Theft |
| • Oversight of Humanitarian Aid to Syria | • Providing Data on Proposed Assistance to Palau |
| • Future Access and Capabilities Challenges for Trusted Defense Microelectronics | • Enhancing National BioSurveillance Capacity |
| • Addressing Southwest Border Security | |

Goal 3: Help Transform the Federal Government to Address National Challenges

- | | |
|---|--|
| • DATA Act Implementation Challenges | • Oversight at High Containment Laboratories |
| • Observations on the Zika Virus Outbreak | • Addressing Numerous IT Challenges at the VA |
| • Improving Enrollment Controls for Medicare Providers and Suppliers | • Addressing Government-Wide Improper Payments and the Tax Gap |
| • Reducing Fragmentation, Overlap, and Duplication in Federal Programs | • Improving Oversight of DHS' Human Resources IT |
| • Addressing Cyber-based Risks to Federal Systems | • Recruiting and Retaining Millennial Employees in the Federal Workforce |
| • Modernizing Federal IT Systems | • Improving Management of IT for the 2020 Census |
| • Improving Integration of VA and DOD Electronic Health Records | • Improving Federal Financial Management |
| • Improving IRS's Efforts to Protect Taxpayer data and Combat Identity Theft Refund Fraud | |

Source: GAO | GAO-17-15P | GAO-17-604T

High-Risk Program Update

Every two years GAO publishes our high-risk list that highlights federal programs and operations that are especially vulnerable to waste, fraud, abuse and mismanagement, or that need transformative change.

GAO's 2017 edition reported that many of the 32 high-risk areas on the 2015 list have shown solid progress (Enclosure I). Twenty-three high-risk areas, or two-thirds, have met or partially met all five criteria for removal from the High-Risk List; 15 of these areas fully met at least one criterion. Progress in high risk areas over the past decade resulted in financial benefits totaling approximately \$240 billion, or an average of \$24 billion per year.

Progress has been possible through the concerted efforts of Congress and leadership and staff in agencies. For example, Congress enacted over a dozen laws since GAO's last report in February 2015 to help address high-risk issues.

GAO removed one high-risk area on managing terrorism related information, because significant progress had been made to strengthen how intelligence on terrorism, homeland security, and law enforcement is shared among federal, state, local, tribal, international, and private sector partners.

Sufficient progress was made to remove segments of two areas related to supply chain management at DOD and gaps in geostationary weather satellite data.

Two high-risk areas expanded: DOD's polar-orbiting weather satellites and the Department of the Interior's restructuring of offshore oil and gas oversight. Several other areas need substantive attention including VA health care, DOD financial management, ensuring the security of federal information systems and cyber critical infrastructure, resolving the federal role in housing finance, and improving the management of IT acquisitions and operations.

GAO added three areas to the High-Risk List, bringing the 2017 total to 34:

- **Management of Federal Programs That Serve Tribes and Their Members.** GAO has reported that federal agencies, including the Department of the Interior's Bureaus of Indian Education and Indian Affairs and the Department of Health and Human Services' Indian Health Service, have ineffectively administered Indian education and health care programs and inefficiently developed Indian energy

resources. Thirty-nine of 41 GAO recommendations on this issue remain unimplemented.

- **The 2020 Decennial Census.** The cost of the census has been escalating over the last several decennials; the 2010 Census was the costliest U.S. Census in history at about \$12.3 billion, about 31 percent more than the 2000 Census. The U.S. Census Bureau plans to implement several innovations including IT systems for the 2020 Census. Successfully implementing these innovations, along with other challenges, would minimize risks to the Census Bureau's ability to conduct a cost-effective census. Since 2014, GAO has made 30 recommendations related to this area; however, only 6 have been fully implemented.
- **U.S. Government's Environmental Liabilities.** In fiscal year 2016 this liability was estimated at \$447 billion (up from \$212 billion in 1997). The Department of Energy is responsible for 83 percent of these liabilities and DOD for 14 percent. Agencies spend billions each year on environmental cleanup efforts, but the estimated environmental liability continues to rise. Since 1994, GAO has made at least 28 recommendations related to this area; 13 are unimplemented.

Details on each high-risk area can be found at <http://www.gao.gov/highrisk/overview>.

Opportunities to Reduce Fragmentation, Overlap, and Duplication

Since 2011, we have reported on federal programs, agencies, offices, and initiatives that have duplicative goals or activities as well as opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection.

GAO's 2017 annual report, our seventh, identifies 79 new actions that Congress and executive branch agencies can take to improve the efficiency and effectiveness of government in 29 new areas. Of these, GAO identified 15 areas in which there is evidence of fragmentation, overlap, or duplication.

For example, GAO found that the Army and Air Force need to improve the management of their virtual training programs to avoid fragmentation and better acquire and integrate virtual devices into training to potentially save tens of millions of dollars.

GAO also identified 14 areas to reduce the cost of government operations or enhance revenues. For example, GAO found that the Department of Energy could potentially save tens of billions of dollars by improving its analysis of options for storing defense and commercial high-level nuclear waste and fuel.

Congress and executive branch agencies have made progress in addressing the 645 actions that GAO identified from 2011 to 2016. Congressional and executive branch efforts to address these actions over the past 6 years have resulted in roughly \$136 billion in financial benefits, of which \$75 billion has accrued and at least an additional \$61 billion in estimated benefits is projected to accrue in future years.

To manage our congressional workload, we continue to take steps to ensure our work supports the highest congressional legislative and oversight priorities while focusing on areas with the greatest potential for results, such as cost savings and improved government performance.

Managing Workload by Focusing Resources on Congressional Priorities

We actively coordinate with congressional committees in advance of new statutory mandates¹ by identifying mandates in real time as bills are introduced, participating in ongoing discussions with congressional staff, and collaborating to ensure that the work is properly scoped and consistent with the committees' highest priorities.

In fiscal year 2016, we devoted 97 percent of our engagement resources to work requested or mandated by the Congress. The remaining 3 percent was initiated under the Comptroller General's authority.

Chairs and Ranking Members of committees and subcommittees are regularly consulted for feedback on our performance. Their priorities ensure we maximize the return on your investment in us.

We continue to collaborate with the Congress to revise or repeal mandated reporting requirements which have, over time, lost relevance or usefulness. For example, we worked with the armed services committees to have three mandates repealed or revised in the 2017 National Defense Authorization Act (PL 114-328). In addition, in December, 2016, Congress passed the GAO Mandates Revision Act of 2016, which revised or repealed eight statutory reporting requirements (PL 114-301).

¹Congressional mandates include requirements directed by statutes, congressional resolutions, conference reports, and committee reports.

GAO's Strategic Plan

GAO's Strategic Plan provides a comprehensive roadmap for how our audit work will support the most important priorities of Congress and the American people. "Serving the Congress and the Nation 2014-2019 ([GAO-14-1SP](#))" describes our goals and strategies for supporting Congress and the nation.

The Strategic Plan Framework (Enclosure II) summarizes the global trends affecting government and society, as well as the strategic goals and objectives that guide our work. We will issue the next update to our strategic plan in 2018.

To effectively assist the Congress, we perform not only oversight and insight work, but also foresight work to identify and explore the emerging issues that present both opportunities and significant risks for our nation. Building further foresight capabilities, including the ability to understand evolving trends and plan in a dynamic external environment, is an essential component to our support of Congress.

Internal Improvements

The hard work and dedication of our professional, diverse, multidisciplinary staff positioned GAO to achieve a 94 percent on-time delivery of our products in 2016. Our fiscal year 2016 performance continues to indicate that we provide staff with the necessary support to produce high-quality work.

We met our annual target for retention rate without retirements and exceeded our annual targets for the remaining six people measures, staff development, and staff utilization, effective leadership by supervisors, organizational climate, new hire rate, and retention rate with retirements.

In fiscal year 2016, we continued efforts to support and maximize our value by enabling quality, timely service to the Congress and being a leading practices federal agency. We made progress addressing our four internal management challenges, human capital management, engagement efficiency, information security, and telework.

We remain an employer of choice in the public sector. The Partnership for Public Service announced that we are one of the top places to work in the federal government. We improved our scores in 2016, rising to second place among mid-size agencies. We are ranked first for diversity and inclusion. Our ranking is a result of the dedicated efforts of the entire GAO team and our leaders' commitment to make our organization a great place to work.

We value our high-performing workforce. Management remains committed to work with our unions (IFPTE, Local 1921), the Employee Advisory Council, and the Diversity Advisory Council to make GAO a preferred place to work. We continue to monitor and address critical human capital management challenges, including the pending retirements of key subject matter experts, senior executives, and other key leaders. By the end of fiscal year 2017, 41 percent of our senior executives and more than 25 percent of our supervisory analysts will be eligible to retire.

Center for Audit Excellence

Public Law 113-235 authorized GAO to establish a Center for Audit Excellence (Center) to provide fee-based training, technical assistance and other products and services to domestic and international accountability organizations to promote good governance and enhance their capacity.

During fiscal year 2016, the Center's first year of operation, the Center provided fee-based training classes and audit-related technical assistance services to 10 federal, state, local and non-profit organizations. The Center helped to enhance the capacity of these organizations by providing training on topics such as internal control, performance auditing, audit planning, report writing, and statistical sampling and analysis. Also, in April 2016, the Center entered into a Memorandum of Agreement with the U.S. Agency for International Development (USAID) that provides a broad framework for collaborative efforts to strengthen the capacity of accountability organizations in developing countries that receive U.S. foreign assistance.

During fiscal year 2017, the Center has experienced increased demand for training and technical assistance services from both domestic and international accountability organizations. The Center has signed agreements and/or provided training classes to nine federal, state, and local government organizations thus far this fiscal year, including a package of five one-week training classes valued at \$157,000 for one organization. Agreements with other domestic organizations are also under negotiation. Internationally, the Center is executing an agreement with the country of Georgia's Supreme Audit Office for \$95,000 in training and technical assistance services to enhance the office's capability to conduct information technology audits. Finally, the Center is in the process of negotiating agreements with USAID and other donors to provide technical assistance services to other Supreme Audit Institutions.

Concluding Remarks

We value the opportunity to provide Congress and the nation with timely, insightful analysis on the challenges facing the country. Our fiscal year 2018 budget requests the resources to ensure that we can continue to address the highest priorities of the Congress.

Our request will allow us to continue building our staffing level and provide our employees with the appropriate resources and support needed to effectively serve the Congress. This funding level will also allow us to continue efforts to promote operational efficiency and address long-deferred investments and maintenance. We will also continue to explore opportunities to generate revenue to help offset our costs.

I appreciate, as always, your careful consideration of our budget and your continued support. I look forward to discussing our fiscal year 2018 budget with you.

Enclosure I: GAO's 2017 High Risk List

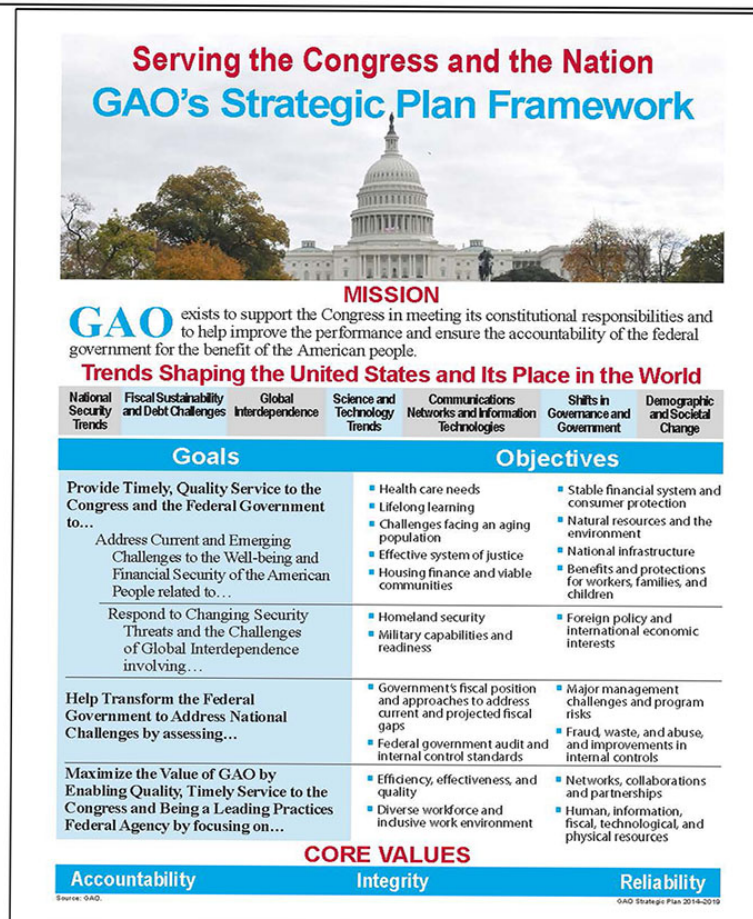
GAO's High-Risk as of September 30, 2016

High Risk Area	Year Designated
Strengthening the Foundation for Efficiency and Effectiveness	
▪ Improving Federal Programs that Serve Tribes and their Members (<i>new</i>) ^a	2017
▪ 2020 Decennial Census (<i>new</i>)	2017
▪ U.S. Government Environmental Liabilities (<i>new</i>) ^a	2017
▪ Improving the Management of IT Acquisitions and Operations	2015
▪ Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risk	2013
▪ Management of Federal Oil and Gas Resources	2011
▪ Modernizing the US Financial Regulatory System and the Federal Role in Housing Finance ^a	2009
▪ Restructuring the US Postal Service to Achieve Sustainable Financial Viability ^a	2006
▪ Funding the Nations Surface Transportation System ^a	2007
▪ Managing Federal Real Property	2003
▪ Strategic Human Capital Management ^a	2001
Transforming Defense Department Program Management	
▪ DOD Approach to Business Transformation	2005
▪ DOD Support Infrastructure Management ^a	1997
▪ DOD Business Systems Modernization	1995
▪ DOD Financial Management	1995
▪ DOD Supply Chain Management	1990
▪ DOD Weapon Systems Acquisitions	1990
Ensuring Public Safety and Security	
▪ Mitigating Gaps in Weather Satellite Data	2013
▪ Protecting Public Health through Enhanced Oversight of Medical Products	2009
▪ Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals	2009
▪ Ensuring the Effective Protection of Technologies Critical to US Nations Security Interests ^a	2007
▪ Improving Federal Oversight of Food Safety	2007
▪ Strengthening Department of Homeland Security Management Functions ^a	2003
▪ Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information	1997
Managing Federal Contracting More Effectively	
▪ DOD Contract Management ^a	1992
▪ DOE's Contract Management for the National Nuclear Security Administration and the Office of Environmental Management	1990
▪ NASA Acquisition Management	1990
Assessing the Efficiency and Effectiveness of Tax Law Administration	
▪ Enforcement of Tax Laws ^a	1990
Modernizing and Safeguarding Insurance and Benefit Programs	
▪ Managing Risks and Improving VA Health Care ^a	2015
▪ National Flood Insurance Program	2006
▪ Improving and Modernizing Federal Disability Programs	2003
▪ Pension Benefit Guaranty Corporation Insurance Programs ^a	2003
▪ Medicaid Program ^a	2003
▪ Medicare Program ^a	1990

^a Legislation is likely to be necessary to effectively address this high risk area

Source: GAO | GAO-17-317 | GAO-17-804T

Enclosure II: GAO's Strategic Plan Framework



GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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